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ABSTRACT

Head Start and child care professionals are currently exploring new ways to collaborate as they strive to meet the needs of low income families. This manual, for professionals in both types of programs, discusses the nuances of administering the programs and describes creative ways to work together to maximize the strengths and talents of both systems while meeting the needs of children and families. Chapter 1 describes the two types of programs, focusing on why the two should work together. Chapter 2 presents program similarities and differences, focusing on costs, licensing, staff, and management issues. Chapter 3 presents six models for collaboration, and for each model lists strengths and weaknesses, projects its impact on the Head Start and child care program, projects costs and revenues, and discusses contractual needs, collaboration challenges, and the role of the Head Start Policy Council. Chapter 4 discusses assessment of family child care needs and resources. Chapter 5 presents information on financial management in child care, including: calculating shared space; preparing budgets; projecting revenues; and developing a cost allocation plan. Chapter 6 discusses child care management issues, such as personnel management; policies and procedures regarding fees and enrollment; and operational regulations and policies. Four appendices provide worksheets and list resources. (KB)

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Head Start and Child Care: Partners Not Competitors

Sharon G. Koppel

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HEAD START & CHILD CARE:

Partners Not Competitors

Sharon G. Koppel

Walter V. Bernacki, Editor

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Many special friends and family have supported the years of work that went into this book, without whom my spirit would have broken long before the task was completed.

First and foremost, my husband Jeff, who is also an early childhood services director, supported my long hours at the computer on weekends and evenings. He offered his critical eye throughout the writing and editing. Most important, he and I field tested many of the ideas and concepts presented in this book at numerous state and regional conference presentations.

My friend and colleague, Debi Mathias, labored over the final draft, fine tuning the concepts and ideas so that the business of child care was accurately portrayed.

Without the professional opportunities and experience I acquired at Snyder, Union, Mifflin Child Development, Inc. none of this book could have been written. I work with people who willingly ask the hard questions about service coordination and quality, ever ready to pursue new initiatives and creative solutions to improve services in our rural central Pennsylvania communities. Then to, they have actively supported my tendency to do things differently than other directors.

Technically, I must thank Danielle Franquet, Doug Abram, and Walt Bernacki without whom the hours of editing and correcting would have been unbearably long.

A special thanks to my dear friend Madhavi Parikh who believes, as I do, that Head Start and Child Care providers should work more closely together and that I should transform those ideas into a book.

DEDICATION

This book is dedicated to the staff at Snyder, Union, Mifflin Child Development, Inc. who give tirelessly of themselves each and every day, touching the lives of many children and their families.

INTRODUCTION

From the author . . ....

I am executive director of a private non-profit agency that has delivered Head Start services since 1969 and Child Care services since 1978. The ideas, suggestions, and models presented in this manual are based on firsthand experiences and knowledge gained on the job.

I wanted to collect these ideas for Head Start and Child Care professionals who want to explore new opportunities as they strive to best meet the needs of low income families. For Head Start, the manual will describe the nuances of administering a child care program. For Child Care, an understanding of Head Start can be found, describing significant federal standards mandated for all Head Start agencies. For professionals in both programs, this manual will describe new, different, and creative ways to work together so that the strengths and talents of both systems are maximized.

For fourteen years I have directed an agency with one foot in the Head Start camp and another foot in the Child Care camp. At first the differences between the two programs were most glaring; today, we have found our common ground. Though purposes and wage scales differ, though families need and want different services from each program, and though periodically staff retreat to their separate corners to regroup and come out begging for a fight, the commitment of supervisors and program managers has provided the leadership to always ask, "How can we work this out?" There is always a way. This manual is about finding those ways, understanding the barriers, and accepting and planning for the differences.

Collaboration of any two service systems is always a challenge. I have enjoyed the challenge of leading staff through the mine field of collaborating Head Start and Child Care. Perhaps my experiences can prepare you for a more peaceful and less stressful journey.

Sharon G Kiggel

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CHAPTER I: WHY SHOULD HEAD START AND CHILD CARE PROGRAMS WORK TOGETHER?

Ten or fifteen years ago Head Start programs often limited themselves to low income families who were not working. In fact, if an eligible family was already participating in a Child Care program in the 1970's, the family was not additionally enrolled in Head Start because so few slots were available.

On the other hand, many Child Care programs in the 1970's provided social services similar to Head Start social services. Though comprehensive services in the other Head Start components were not standard in Child Care, families could receive social services support and referrals to other agencies.

During the early 1980's, as Child Care funds tightened and as more single mothers became employed, the Child Care dollars were restricted to cover basic care expenses. The "frills" of social services support disappeared. At that time, there was a vast network of Child Care centers whose clientele was almost exclusively low and moderate income families, many of whom were eligible for government subsidies.

From the late 1970's through the early 1990's Head Start experienced a tremendous growth and explosion of services. During this same period, government subsidies for Child Care, at the federal and state levels, grew minimally. Additionally, the Child Care centers of the 70's and 80's who served predominately a subsidized market, expanded into private fee paying families who received no subsidies. My agency reflects this historic change. We began with one small Child Care center for 30 subsidized children in 1978. Today we serve over 400 children daily with 65% private fee payers and 35% subsidized in eleven different sites. The focus in Child Care programs today is on early care and education without social services.

In the early 1990's, the passage of the federal Child Care and Development Block Grant required states to institute parent choice systems, a radical step away from the contract systems that existed in many states. Today, most low income parents apply for vouchers for care which they can use at a provider of their choice who accepts the limits of the government reimbursements.

Welfare reform efforts at state and national levels have also stimulated greater employment of low income parents than a decade ago. Other funding streams, which will be discussed in more detail later in the manual, provide different Child Care subsidies for low income parents moving off welfare into job training or employment. It is primarily these efforts at encouraging the welfare recipient to work that have had the most profound impact on the Head Start system. Head Start programs have always stressed self sufficiency and encouraged education and training so that parents could become employed, hence move off the public assistance rolls. The strong arm of welfare reform, however, has made the "good idea" of employment encouraged by Head Start, a requirement for many low income families.

The daily hours of employment/training responsibilities for parents receiving welfare often do not coordinate easily with the typical Head Start center based program which

operates ½ days, less than 5 days/week, and usually 9 months/year. Hence Head Start agencies must change their service delivery approach to meet family needs. Many options or models of change are possible. Several partnership models will be discussed in this manual.

Federal laws and regulations, along with the interpretation of laws and regulations by federal officials in Head Start, provide guidance to Head Start programs as they consider how best to respond. Within the legislative language of the most recently authorized federal Head Start Act, Head Start programs are allowed to use Head Start funds to pay for full-day, full-year services for Head Start eligible families. However, the concept of "payer of last resort" is also still primary in the cost sharing and funds coordination for services to Head Start families. In order to clarify some cost allocation practices related to Head Start-Child Care coordination efforts, the Administration for Children and Families (ACF), within the federal Health and Human Services Department, promulgated an information memorandum, ACYF-IM-HS-95-27, on 7/24/95 which provides some guidance to agencies involved in this mix of services. The memorandum states,

> "Where feasible, grantees [Head Start programs] should develop their child care programs, including cost sharing agreements, in conjunction with other child care funding agencies in order to take advantage of these other funding sources."

Further, ACF states,

> "Head Start grantees should assure that providing needed services to children and families is their highest priority. Where services can be provided by referring children and families to other programs, then referral arrangements should be made."

The ACF clearly supports a collaborative and cooperative approach between Head Start providers and Child Care providers as most appropriate.

Today, there is a growing population of working poor, parents trying to support their families on minimum wage jobs. Also, job training programs and education funding for persons on public assistance are reaching more people than they did even five years ago. Many of these families are eligible for and need the comprehensive services of Head Start, yet also need full-day Child Care. For example, a low income parent may wait until her youngest child is age 3 to enter a multi-year training/education program. That way, when she completes her training and is heading into the job market her youngest child will be entering public school. She is still eligible for Head Start, and, in fact, may need the comprehensive services of Head Start even more as she begins to cope with both her life in poverty and the challenge of training and education. She and her children also need dependable care arrangements, both for her children's optimal growth and development and to allow her to succeed in training or education. With the comprehensive services of Head Start **and** the dependable care of Child Care, parents on public assistance stepping into training or jobs can truly have an opportunity for success and a life off welfare above poverty. However, neither the Head Start system nor the Child Care system can meet the needs of these families alone. Creative collaborations are necessary. Head Start-Child Care partnerships should be a significant part of any welfare reform program that hopes to put people to work. In local communities, Head Start and Child Care agencies who work as

partners, not competitors, will be more successful in meeting the needs of low income families.

What Is Head Start?

Head Start is a comprehensive family intervention program for families with children, ages 3-5, 90% of whom must live at or below the federal poverty line. The program is governed by a strong set of federal performance standards that cover the following component areas: Education, Disabilities, Mental Health, Health, Nutrition, Parent Involvement, and Social Services.

Services to children enhance their ability to learn, develop social competence, and ultimately succeed in the public schools. Children receive a wide range of health and dental screenings and all follow-up care needed. Immunizations are tracked and kept up-to-date. Individual education planning occurs for all children. Developing an interest in learning, enhancing self esteem, and establishing social competence are some of the priorities of education services to children.

Head Start works with parents to strengthen their ability to act as their child's first and primary teacher. Parent education occurs in formal and informal ways. An emphasis is placed on helping parents learn to help themselves in their communities, whether regarding health care for their children or job searching for themselves. Literacy and basic education skills, for example, may be enhanced through general equivalency classes or by parents writing newsletters. The overall focus is to enhance a parent's ability to be a competent parent, to care for her/his child adequately, and to move herself/himself out of poverty into self-sufficiency.

Parents participate through daily volunteering in classrooms, home teaching visits, monthly center committee meetings (also known as parent group meetings), fund raising, the Head Start Policy Council, and an agency Board of Directors. The Policy Council is empowered by federal legislation with oversight and participation in nearly all decisions involved in operating a Head Start program including: hiring and firing, policy development, budget monitoring and revising, program evaluation, grant application approvals, and more. The Policy Council is comprised of at least 51% parents of children currently enrolled. In Head Start, parents are true partners in all aspects of program operation and administration.

Head Start families must have verifiable family incomes at or below the poverty line. Ten percent of enrollees may be over-income and 10% **must** have diagnosed disabilities. All services for children with disabilities must be coordinated with federal and state initiatives for similar aged children.

Head Start services come in many different sizes and shapes. The two basic models are home-based and center-based. Recent federal regulations have identified a variety of combinations of home-based and center-based models that are also acceptable. Local Head Start agencies, through Policy Councils, define the models to be implemented locally, as indicated by the results of a periodic Community Needs Assessment.

Head Start programs usually have class staff with job titles similar to the public education system: Teachers, Assistant Teachers or Teacher Aides. Component Coordinators, who are typically middle managers in an organization, oversee the different component areas of the program. Other common Head Start positions are Family Workers, Parent Involvement Aides, Health Aides, Cooks, Bus Drivers, Bus Assistants, plus the normal variety of administrative office positions found in any organization.

Head Start agencies are usually called "grantees." Sometimes a grantee will subcontract services for a given number of children to another agency that is called a "delegate." Grantees and delegates may be school districts, public non-profit agencies, private non-profit agencies, community action agencies, health agencies, etc.

Head Start services are established by a direct contract between a grantee agency and the federal government. The contract references all the applicable federal regulations, specifies the approved budget, indicates the number of children to be served, and designates geographic service area. A great deal of budget and spending flexibility exists as long as the work plan and component plans are followed and no major changes in the program delivery system are made without prior approval by federal officials. The basis for the Head Start contract is an annual refunding application package that must be submitted 90 days before the end of the current grant year. Grant years are 12-month periods and may begin with any month; there is no standard contract period.

Head Start grants are awarded competitively initially in a community. Thereafter, a Head Start agency receives annual grants and must comply with extensive and exhaustive contract terms and conditions along with federal performance standards. But, the Head Start agency has the sole option on delivery of Head Start services in a specified community; in other words, Head Start is noncompetitive. Another agency interested in delivering Head Start services in a community served by a Head Start agency can only become a Head Start provider if:

- the Head Start agency establishes a delegate contract with that other agency, **or**
- the Head Start agency is defunded by the federal government for gross non-compliance in program or administrative responsibilities, in which case, a new Head Start provider would be selected by a competitive bid process.

The number and distribution of Head Start providers is controlled by the federal government. This situation is very different from the child care system which is completely open to anyone, private or public, non-profit or for profit, controlled in individual communities by economic factors, such as, supply and demand or cost and quality.

Finally, Head Start agencies must secure a 20% non-federal, or local share, match for their federal grant dollars. For every $0.80 of federal support, a Head Start program must also raise and use $ 20 in local or state funds **or** contributions that have been assessed an inkind value. In other words, 20% or $ 20 of $1.00, which is the total program cost, must come from non-federal sources. Most Head Start agencies meet their non-federal obligation predominately through contributed goods and services.

What Is Child Care?

Child Care is a system of regulated and unregulated care provided to children under the age of 12 by someone other than a child's parents for periods of less than 24 hours. The "regulated" care system in most states comprises the following: family day care homes for small groups of children, usually 6 or less; group day care for usually 12 or fewer children; and center-based Child Care for 13 or more children. (NOTE: Individual states may define group care differently.) "Regulated" care in most states is governed by a set of state licensing standards which must be met in order to operate. In most states these regulations govern health, safety, staff-to-child ratios, square footage required/child, qualifications for staff, and other easily monitored variables. Rarely do states prescribe program quality beyond these basic standards, such as appropriateness of supplies and materials, acceptable interactions between adults and children, curriculum or recommended activities for care hours, etc. Each Child Care agency establishes its own operational standards and practices beyond state licensing regulations. There are no national program standards as in Head Start.

There is also a very large "unregulated" Child Care network. One component of the "unregulated" system is considered legal-unregulated. These are caregivers who may care for so few children that licensing standards do not apply to them **or** caregivers who may care for a child in that child's home. Another component of this underground service system is the caregivers who operate outside of the state licensing regulations, choosing to ignore state laws. If parents are not well informed consumers they may select an unregulated caregiver who is actually breaking the law.

Child Care programs can operate whatever hours, whatever days, and basically offer whatever type program (beyond basic state licensing standards) that the care provider chooses. Some providers define their program to meet the needs of a certain population, for example care that follows a particular employer's shift schedule or care for a specific religious population. Providers may implement a specific curriculum or philosophy because that is the standard in the community. Then too, providers may define their program curriculum, schedule, and activities around the standards of one of several professional early childhood organizations in the nation. And, some caregivers may offer only custodial care that provides a safe, supervised place for children with little or no emphasis on spending quality time in activities that enhance learning and development. There are many different philosophies and approaches to the early care and education of young children. For the purposes of this manual, child care services are defined as five days/week (Monday - Friday), up to 12 hours/day, 12 months/year.

Child Care agencies may be for profit or not for profit. Both types of organizations must operate as a business in a competitive market. Their costs must be paid with revenues raised from the sale of services. Additionally, a for profit agency is expected to provide a financial return to its investors or owners. The bottom line for all Child Care agencies is that there must be adequate enrollment of children, paying adequate fees for services so that all operating expenses can be paid. If an agency receives "subsidized" funds for low income

children, that agency is not receiving any **extra** money; rather, the subsidy source (public or private) is paying part of the fees for service with the family paying the balance.

Maintaining adequate enrollments occurs through competition in the open market. Child Care customers want a high quality product or service for a reasonable cost. Child Care providers, whether a family day care home serving 6 children or a large center program serving 75 children, must be able to attract customers, that is, successfully compete with other providers and attract enough customers to cover the cost of operations. The competitive quality of Child Care, along with a market of customers who have limited resources, has often resulted in many Child Care programs that provide cut-rate care and services at a low price. The market competition and community affordability in Child Care drive the quality of care and the type of services provided. If a community only has one center-based provider, then that provider sets the standard and price for care. If several providers operate, then Child Care agencies compete for customers. Child Care can be such a high cost item in a young family's budget, that the cost of care, not the quality, may be a deciding factor in selecting a provider. For the provider determined to provide a high quality service, with more highly trained staff with a focus on education as well as care, the issue becomes whether or not the higher cost, quality program can be successfully marketed to the community in sufficient numbers to pay operating expenses. Head Start does not address marketing or competition issues. The ability to compete and sell your services successfully in your community is a high priority, sometimes the only priority, for a Child Care provider. If a Child Care agency cannot compete, it cannot survive.

CHAPTER II: SIMILARITIES AND DIFFERENCES BETWEEN CHILD CARE AND HEAD START

The brief definitions of Child Care and Head Start in the previous section gave you broad brush stroke descriptions. Let's explore some details.

Child Care is a business. Both Child Care and Head Start agencies should be administered and managed according to acceptable and appropriate business management practices. But, Child Care sells a service, which must be purchased by a sufficient number of people so that the agency or business can pay its bills. When business is good, demand for services is high; Child Care programs are solvent. When business is slow, staff must be laid off and services reduced. There are no "givens" no "grants" that allow an agency to establish and maintain a foundation of services. What sells and the cost of the service are pivotal to the success of a Child Care program.

Head Start, on the other hand, is a comprehensive, early intervention program that is grant funded and targeted at helping families with young children. Head Start has very detailed performance standards and expectations, though services can be delivered in a wide variety of ways. There are a lot of "must do's" in Head Start, but few prescriptive "how to's." The best way to understand Head Start is to read the federal performance standards and other regulations. Revenues from grants allow greater flexibility in financial management along with greater predictability about program services, staffing patterns, etc., on a year-to-year basis. In most communities there are at least twice as many eligible families as there are Head Start slots available, so potential clients are plentiful. However, while full enrollment is required through an agency's contract with the federal government, there are rarely penalties for dropping below full enrollment for several weeks as new families are recruited to fill vacancies.

Real-life issues in Child Care as compared to Head Start include:

- Center Programs
- Costs
- Licensing
- Staff
- Summary of Issues: Management Charts

Center Programs

Two topics will be used to compare center programs:

- Established or Defined Curriculum
- Program Standards

- A quality, developmentally appropriate Child Care program that implements an **established or defined curriculum** will create a center setting and center services that are very similar to quality Head Start class services.

- Child Care programs differ from Head Start programs in the area of **program standards**. There are no national, and rarely any state, **program standards** that address much beyond health and safety issues. Hence, Child Care program services can differ widely from program to program. Some programs provide safe care with little or no emphasis on education or child development. Other programs have chosen to meet higher standards. One set of standards has been established by the National Association for the Education of Young Children (NAEYC). These latter centers are identified by having been NAEYC Accredited, an evaluation process that must be repeated every 3 years.

Costs

The comparison of cost issues will touch on the following topics:

- Administrative costs
- Annual audits
- Expenses--General
- Long-term debt
- Operating funds
- Personnel
- Start-up funding
- Subsidies
- Transportation

- Calculation of the minimum enrollment at which all expenses can still be paid is necessary for planning cost-effective operations in Child Care. The **administrative costs** for monitoring enrollment, revenue, expenditures, and fee collection must be anticipated and may exceed fiscal management activities in Head Start.

- **Annual audits** of revenues and expenses are required for Child Care though federal and state guidelines may differ from Head Start in some ways but are similar in others.

- **Expenses** within Child Care must be clearly identified and monitored more specifically than Head Start. A rise in expenses can be disastrous if it occurs simultaneous with a drop in enrollment for a Child Care program. Head Start expenses are much more predictable and more easily monitored.

- **Long-term debt** in Child Care is often necessary for capital expenditures. Just like a business, you must either have the cash in the current year's operating budget **or** you

must borrow the money and pay over several years. Head Start historically has funded capital expenditures from one-time grant awards.

- **Operating funds** for Child Care services usually are available to a program one week to two months after costs are incurred. Cash flow needs may require programs to obtain short-term loans to cover regular expenses such as salaries. Head Start programs have access to grant dollars as they need them.

- Both service systems commit the majority of their resources to **personnel**. Child Care programs must plan and budget staff time for 10-12 hours of operation per day for 250 days/year, requiring flexible schedules and part-time employees. The scheduling complexities require extra time for personnel management. Part-time employees are a less stable work force, requiring more management time for hiring activities, staff orientation, and training. Wage scales for Child Care personnel have usually been lower than Head Start. They are driven by the fees that parents pay and the price that the market will bear, not by a grant such as Head Start, that has had the benefit of cost-of-living increases and quality enhancement increases over the years. Higher salaries in Head Start have created a slightly more stable work force than in Child Care.

- Sources of **start-up funding** for start-up of new services must be sought in Child Care because start-up grants or initial capital funding is rare. In my agency, we recently expanded our Child Care operations into a new center. We invested over $25,000 of our fund balance in furniture and equipment. We accumulated that fund balance from the "good years" when revenues exceeded expenses. When our Head Start services expanded, we requested a special one-time grant. On-going operational expenses were in no way affected. It is important to realize, also, that Head Start agencies may not create a fund balance by saving revenues over expenses from frugal years. Any remaining Head Start funds must be returned to the government each year.

- Child Care **subsidy** reimbursements are dependent on attendance or enrollment, which can fluctuate week to week and month to month. Estimates of available federal/state subsidies must be accurate, for reality-based budget planning. All subsidies have limits. In my agency, for example, we have a low income family with three children under age 5 waiting to enter one of our centers. We have room at the center for them, but there are no federal or state subsidies available at this time. The family has been patching together low quality, often unstable care for two months. The family's only choice is to pay the full cost of care, which they cannot afford. So, we, the Child Care provider, lose about $1000/month due to the vacancies **and** the family is without a valuable and much needed service. In Head Start, revenues are guaranteed through a grant. Grants are known for the year regardless of the ups and downs in actual enrollment or attendance.

- **Transportation** is not typically a Child Care service but is often a significant part of a Head Start program's operational expenses, both in terms of staff and vehicle management (purchasing and maintenance).

Licensing

Two topics related to licensing will be discussed:

- Regulations
- State/local licensing

- State **regulations** in Child Care carry the same weight as federal regulations in Head Start.

- **State/local licenses** to operate a Child Care service, as required by law, must be maintained for Child Care; sometimes a state requires such a license for Head Start, though this is not the norm across all fifty states. One of the reasons that state's have not consistently and comprehensively licensed Head Start sites is because Head Start must comply with extensive federal regulations that often overlap with state licensing areas of concern.

Staff

The comparison of staff issues will touch on the following topics:

- Child-staff ratios
- Staff training
- Staff wages
- Staff work schedules

- Usually, higher **child-staff ratios** for 3-5 year olds are used due to limited resources in Child Care. Child Care programs must comply with state regulations, which generally specify and allow a higher child-staff ratio than Head Start regulations for similar aged children. Also, Head Start programs employ staff who "support" center services but are not actual class staff. Child Care staff must wear all the hats for the different roles they assume to serve families.

- **Staff training** often occurs in small modules of 1-2 hours over naptime at individual center sites, **or** it is planned for evenings and weekends. Child Care programs can rarely close for a day of training, because parents need the services every day and

because it is a day of lost revenue. Head Start programs often have at least one day/month planned as a staff inservice day.

- Quite often the Child Care program can not pay Head Start **staff wages**, or keep pace with federally supported cost-of-living allocations and salary enhancements. The resulting disparity in salary scales can affect staff morale in collaboration efforts. Salary and benefit differences may make it difficult to share staff between the two programs.

- Coordination of **staff work schedules** and break times is complex since individual employees in Child Care do not work 10-12 hour days. Part-time staff often provide coverage for beginning- and end-of-day hours. Applicable state regulations for staff-child ratios must be followed. (Some states require that a minimum of two staff members be present at all times in a facility regardless of the number of children present.) It is quite common for parents in Child Care to be greeted by one group of staff in the morning when they drop off their children and then see a different group of staff in the afternoon at pick-up time. Child Care programs must focus on staff communication between and among different shifts; Head Start program staff work similar if not the same hours everyday making communication much easier.

Summary of Issues: Management Charts The following three charts summarize the management similarities and differences between Child Care and Head Start:

- Financial Management Chart (Figure 2.1)
- Program Management Chart (Figure 2.2)
- Personnel Management Chart (Figure 2.3)

Figure 2.1 **Financial Management Chart**

	Issues	Child Care	Head Start
a.	Revenues	Unstable & unpredictable; fee for service based on actual enrollment & attendance; significant administrative work in accounts receivable weekly; client contracts; payment delays.	Stable & predictable; grants; enrollment level specified; payments received as needed.
b.	Cost efficiency	High priority; 95%+ enrollment level usually necessary to cover expenses; must often over enroll to be efficient.	Moderate priority; target of 85% attendance out of 100% enrollment; funding not directly fixed to attendance/enrollment.
c.	Monitoring	Very detailed.	Minimal in comparison.
d.	Budget preparation	Changes monthly as enrollment changes; must adjust to enrollment levels.	Fairly stable; once/year with minor revisions due to stable grant funds.
e.	Fees & fee management	Significant administrative activity.	Not Applicable.
f.	Client contracts	Must have for all families and be in writing.	Not Applicable.
g.	Salary increases & adjustments	Based on fee revenues.	Based on grant fund increases.
h.	Equipment & capital improvements	Completely dependent on available fee revenue or bank loans.	Depend on grants for program improvement.
i.	Start up funds	Rarely available; must come from fee revenue or be borrowed with interest.	Available from special grants.

Figure 2.2 **Program Management Chart**

Issues	Child Care	Head Start
Program		
a. Length of day	10-12 hrs; 5 days/wk; 50 wks/yr.	Generally 4 hrs/day; according to program model; 36 weeks/year.
b. Transportation	Parent responsibility.	Generally program's responsibility.
c. Standards	Set by agency beyond minimum state licensing standards.	Set by federal government.
d. Curriculum	Developmentally appropriate.	Developmentally appropriate.
e. Social Services/Parent Involvement	Defined by parents; limited or no parent volunteers; minimal focus of program.	Major focus of program.
f. Bad weather	Always open on schedule.	Rarely operating.
g. Summer	Open full days.	Usually closed.
h. Public school vacations	Open full days.	Usually closed.
i. Inservice	Care provided every day, so training is difficult.	Planned within work calendar, often once/month.
j. Client income eligibility decision	Valid as long as there are no changes in qualifying information; changes impact eligibility immediately and must be reported.	Valid for 2 years.

Figure 2.3 **Personnel Management Chart**

Issues	Child Care	Head Start
PERSONNEL		
a. Salaries	Dependent on user fees & subsidies from government.	Dependent on federal grants.
b. Ratios	State licensing minimums for children; dependent on attendance.	Established regardless of attendance; usually less than state ratios.
c. Family contacts	5-10 min. at pick-up or drop-off times; parent-teacher meetings.	Volunteering, home visits, parent meetings.
d. Professional development	Evenings/weekends; no extra funding; scheduled release time with substitutes.	Regular part of work calendar; extra funding provided.
e. Planning, staff meetings	Evenings, naptime.	Regular part of work calendar.
f. Work and planning time	100% work time with children; work time = child time or class time; little, if any, paid planning.	About 70 work week with children/families; planning time paid by employer.
g. Staff turnover	Often high.	Average.
h. Policies	Developed by agency Board of Directors.	Developed by Agency Board with Policy Council approval.
I. Substitutes	Paid staff requiring all standard personnel files & management.	Often parent volunteers.
j. Other fringes	May be less or different from those in Head Start.	May exceed those in Child Care.

A Head Start person reading this may be very thankful that she/he is not operating a Child Care program! A Child Care person may wish she/he were operating a Head Start program where life is not so volatile! But, beyond these initial gut reactions, we must acknowledge and understand these differences if we want to work together. If a Head Start program either approaches a Child Care provider or considers expansion into Child Care **without** a clear understanding of the differences, negotiations will be difficult if not impossible.

A comparison of the differences also illustrates the challenges faced by each system. Child Care is most challenged to operate a quality program with limited and ever-changing resources in a competitive market. This challenge drives every decision, every staff hiring, every policy in the program. Head Start, on the other hand, is challenged internally to keep services to families integrated between the different components, who are managed by different individuals. Maintaining a consistent team approach to comprehensive family services is difficult. Furthermore, each day Head Start must tackle family problems and needs that the Child Care agency is not expected or equipped to handle. Alcohol abuse, sexual abuse, drug abuse, violent neighborhoods, lack of clean and safe housing, inadequate food, poor child health/dental care, and other situations are faced daily by Head Start staff in all components due to the program's goal of working with total family units and the frequency of home visit contacts. The Child Care program is not staffed or funded to deal with these issues. The Head Start program is required to deal with them.

So, what are the similarities?

- Both systems serve low income families with young children living at or below the poverty line.
- Both systems provide group opportunities for children to grow and learn.
- Both systems often have similar center staff qualification requirements.
- Staffing patterns in center situations are frequently similar.
- Curriculum and educational approaches could be similar.
- Both systems want to help families and do what's best for children within the resources that they each have.
- Staff in both systems see themselves as professionals, providing a much needed community service.

The similarities are a significant foundation upon which to build collaborative and cooperative initiatives. Understanding the differences will enhance the success of those efforts. Efforts at collaboration, for the benefit of improved services to children and families, must be able to capitalize on the strengths of the two programs, for each offers something different, but necessary to families.

CHAPTER III: MODELS FOR COLLABORATION

What is the Best Approach?

Head Start is empowered within its performance standards to respond creatively to family needs. Sometimes major changes in the Head Start system are necessary to reach and intervene with families; sometimes minor policy and operating changes will suffice. Sometimes there are ways to collaborate with other providers to serve the needs of children and families, utilizing existing resources. The best approach is the one which effectively addresses the Child Care needs of families without imposing a strain on current programs.

Child Care programs may embrace collaborations, as long as there is no risk of losing money. The "business" of Child Care is so tight that financial risk management is often the first question in any new endeavor or partnership. Head Start programs will be more successful in discussions with Child Care agencies if they understand and respect the financial situation in Child Care. It is not that Child Care programs care any less about children and families; it is simply that they will cease to exist if they cannot pay their bills, so cost factors weigh heavily in program development decisions.

In the Head Start world the word "**Wraparound**" is often used to refer to collaboration efforts between Child Care and Head Start. As you will notice in the six models we will discuss, each one is wrapping something around something else. Here are six different models for Head Start-Child Care collaborations, or "wraparound" services. A detailed development of each model is presented later in this section.

Model #1: Child Care At A Different Location Administered By The Same Agency Or Another Agency

Model #2: Child Care Provided By Another Agency At Head Start Location

Model #3: Head Start "Wrapped Into" Child Care Services

Model #4: Extended Day Operated By Head Start Agency With Non Head Start Funds

Model #5: Resource & Referral Service

Model #6: Extended Day Services Paid With Head Start Funds

The Models

Let's examine each model in more detail addressing the following:

- Model Description
- Pros & Cons
- Impact on the Head Start Program
- Impact on the Child Care Program
- Projecting Costs
- Projecting Revenues
- Contractual Needs
- Collaboration Challenges

Model #1: Child Care At A Different Location Administered By The Same Agency Or Another Agency

Model Description. Head Start children are served before and/or after Head Start hours at a location different from the Head Start facility. This model includes returning a child to a relative's or neighbor's house for Child Care or taking a child to a group Child Care facility operated by the same or another agency.

Pros & Cons. This model allows a wide variety of Child Care providers to participate respecting and supporting parent choice, younger and older siblings in a Head Start family can be easily served; existing Child Care routines can be supported by the Head Start program without disruption to the family or the Child Care provider. The Head Start program is minimally impacted.

On the negative side, revenue collection and staff scheduling may be more difficult for the Child Care provider if more than 1 or 2 children arrive each day at mid-day **or** are present on full days Head Start is not operating.

Impact on the Head Start Program. There will be minimal to no impact on the Head Start program. Transportation services will be provided to and from providers (whether home or center), but transportation to and from a child's home or wherever the child is cared for is considered an appropriate support service in Head Start.

Impact on the Child Care Program. There is minimal impact if a single provider is serving only 1 or 2 children. If more than 2 children are being served part-days in a Child Care program the impact could be significant.

Since Head Start programs come in many shapes and sizes with a vast majority being half- day services for less than 5 days/week, the Child Care provider(s) serving more than 2 children is most challenged by this model. It must serve children part time some days and full time other days (summers, holiday breaks, certain days/week when there is no Head Start). This requires flexible staff scheduling and may result in fluctuating revenues. It means a slot that

could generate a full-time fee is filled with a part-time child. However, revenues will remain stable if a state's definition of "full-time" is around 5 or more hours/day. In that case, the provider who delivers wraparound Child Care services to a Head Start child for 5 or more hours/day will be able to receive a full day's fee for that child. But, the cost of staffing 1-2 hours in the morning before Head Start and then 4-5 hours after Head Start will use up any apparent profit from receiving a full day's fees for 5-6 hours instead of 8-9 hours of continous care.

The Child Care program will establish fees with parents or subsidy sources independent of the Head Start program.

Projecting Costs: Cost projections will be the responsibility of the Child Care provider and be dependent on hours of care needed, how the Head Start wraparound child(ren)'s care blends with the care needs of other children at the site, enrollment and attendance levels required to cover costs, etc.

Projecting Revenues: State subsidy regulations will dictate whether or not a full-day or part-day fee can be recouped by the provider for wraparound services. The calendar for center days in Head Start will need to be shared with the Child Care provider so that the provider can plan for Head Start wraparound, children's attendance, and fees appropriately.

Contractual Needs: There will be no need for a contract between the Head Start provider and any Child Care providers.

Collaboration Challenges: Challenges will be minimal. Good communication between the Head Start program and any child's caregiver is always important, especially with regards to Head Start days of service, planning for emergency closings in Head Start (bad weather), holidays, and center closed periods. Each day, the Child Care provider will need to arrange for a staff person to meet the Head Start bus when it picks up and drops off a child.

Model #2: Child Care Provided By Another Agency At Head Start Location

Model Description: Head Start children are served in the Head Start facility before and/or after Head Start operating hours by staff from a different agency. The Child Care program provides care for the hours before and after Head Start time, wrapping around services in the same site, but with a different staff.

Pros & Cons: This model is most effective for both the Head Start and Child Care providers involved if 20 or more Head Start children need wraparound care at a single site fairly regularly. It will not be cost effective for a Child Care provider to participate if less than 20 children need care, **or** if care is needed inconsistently by a fluctuating number of children. The needs of children are a higher priority in this model because, instead of moving children around which creates greater stress for them, you move the adults around and keep the children in a stable

environment. However, this model does not allow for Child Care services to be provided to younger and older siblings unless the Head Start center site has space available for Child Care service expansion to serve siblings.

Impact on the Head Start Program: Anyone who has ever asked two teachers to share one classroom, even if they are part of the same program, can appreciate the impact of space sharing between two different service programs. But, the benefit of space sharing is that the Head Start and Child Care agencies will share the cost of facility management (e.g. rent, utilities, custodial services, storage of supplies, etc.), which could result in a slight savings to both agencies who otherwise would pay the entire cost. Also, Head Start will save transportation costs by not transporting a given number of children home at the end of the Head Start day; rather, parents will be responsible for picking their children up at the end of their work day. Additional transportation costs will be saved if similar situations occur in the morning.

Impact on the Child Care Program: Sharing space may be an even greater challenge for the intervening agency--Child Care--who is coming in to use the space organized for and by Head Start. The Child Care provider is responsible for funding, administering, and operating the Child Care portion of the day. All of the Child Care revenue and fee issues noted in Model #1 will also be true for this model. Except, a Child Care provider will want to be certain that revenues and expenses match since no other children will be supporting the operation at this site; the group will be solely Head Start wraparound children. The Child Care program again will establish fees with parents independent of the Head Start program.

Projecting Costs: All hours and days that wrap around the Head Start center calendar will be Child Care service times. For all part days, Child Care will be able to utilize one shift of staff since a typical 4-hour day in Head Start will be matched by a 6-7-hour day in Child Care, though it will be a split shift with some care before Head Start time and some after. Space sharing costs will need to be allocated clearly between Head Start and Child Care. Other cost categories for Child Care will be simple prorations of the costs from other sites based on a per child cost.

Projecting Revenues: Key to success of this model for a Child Care provider will be adequate numbers of children with consistent care needs. The same issues as were discussed in Model #1 apply to Model #2, except accurate projections are even more important since no other children are using the Child Care services at the Head Start site. See Chapter V.

Contractual Needs: An agreement to share space should be formalized through a contract between Head Start and the Child Care agency. Even when these types of coordinations and collaborations have been established within my own agency, we have always committed the cost sharing to a written document if for no other reason than back-up for our internal cost allocation plan. The easiest process is to identify shared costs, like rent, utilities (list each one), janitorial services, consumable supplies (e.g., toilet paper, paper towels, kleenex), specifying what percent is Head Start's responsibility and what percent is Child Care's. How monthly payments

will be collected should be specified through an invoice or a regular monthly payment which is then reconciled against actual expenses at the end of the year. Either the Head Start or the Child Care program may manage the space costs, invoicing, or collecting from the other. Chapter V provides a framework within which to calculate shared space costs.

Site management goes beyond splitting up a few bills each month. Agreement on how to handle repairs and routine maintenance should be noted. When can the managing agency make decisions alone, and when must both programs be consulted? Has one person in each agency been designated to negotiate space issues? Do both programs agree on levels of cleanliness, on general maintenance, on how rooms should be left for the other? It is common to establish an administrative fee for site management which is then shared by each program using the same percentage as the space allocation. Shared site management fees require both the Child Care and Head Start programs to agree on management expectations and affordability.

In addition to physical site management issues, a contract can also describe the program and personnel relationships that are expected. Coordination of teacher planning between the Head Start and Child Care programs will facilitate more consistent program experiences for children, easier use of materials and supplies, clear expectations of shared space like bulletin boards, etc. If the Head Start class is working on the concept of RED and the Child Care class is working on GREEN, the ability of children to learn may be hampered by confusing lessons and conflicting learning opportunities. Similarly, consistent class rules and procedures will enhance children's learning instead of confuse it. These types of discussions are often hard for teaching staff to initiate constructively because so much of a teacher's style is wrapped up in all these variables. Reach consensus in as many areas as possible, then commit those agreements and plans to writing. This way everyone remembers what was agreed to, even if it all changes, by agreement, the following week. Our goal in collaborating the Head Start and Child Care systems is to improve services to children and families; we need to recognize that it may be difficult for staff. Supervisory staff need to provide the appropriate support and guidance.

Collaboration Challenges: The challenges of this model have been discussed. They include the following issues:

- space sharing
- importance of cooperative program planning
- understanding and respecting the differences in the two systems
- establishing a clearly written contract
- adequate and consistent numbers of children to support a Child Care program

Model #3: Head Start "Wrapped Into" Child Care Services

Model Description: The child is enrolled in a full-day Child Care service provided by a Child Care agency and the Head Start program provides quality enrichment using Head Start component services. The day-to-day education program and operation of the Child Care program is provided by the Child Care agency.

Pros & Cons: Many low-income families eligible for Head Start may be working or enrolled in a job training program prior to Head Start and already receive satisfactory Child Care services for their Head Start age child and any older and younger siblings. Instead of disrupting a system that is working for the family, in this, the Head Start services are "wrapped into" the Child Care program which the family is using.

This model is very supportive of families, provides consistency and stability for children, and may be less expensive to provide for the Head Start program. For the Child Care provider, the Head Start support services provided to a few or many children have a positive residual affect on all children due to the frequent presence of Head Start support staff in the classroom. Additionally, low-income families in Child Care, who may need social services and other support to maintain employment, now receive it at no cost to the Child Care program. Lastly, if a Child Care provider does not meet the Head Start education component standards, through this model Head Start can provide training and technical assistance to the Child Care agency which will enhance the quality of care and education for all present and future children.

A major challenge of this model is the high level of collaboration and integration needed between the two programs. This will be discussed under Challenges of Collaboration later.

Impact on the Head Start Program: The Head Start program is responsible for coordinating the provision of the comprehensive child development services to Head Start children and families. Further, Head Start would be responsible for monitoring the quality of classroom education services provided by the Child Care agency. For Head Start programs, this arrangement is comparable to a grantee-delegate relationship in which the education component services only are subcontracted, not the entire Head Start service. The grantee or Head Start agency retains the responsibility for monitoring quality of the education component **and** directly provides all other component services. All regulations regarding parent involvement specified in federal regulations 70.2 are applicable even if Head Start funds are not transferred to the Child Care agency.

The assumptions of this model are that a Child Care program can provide the Head Start education component services as part of its basic "EARLY CARE & EDUCATION" program. The other Head Start services in the components of Disability, Health/Nutrition, Mental Health, Social Services, and Parent Involvement would be provided by Head Start staff working with families, children, and the Child Care staff to supplement the Child Care center experience. My agency has been very successful implementing this model with a paraprofessional Health/Social Services Family Worker staff person who provides the wraparound services to a very small caseload of families. While she reports to a single coordinator formally, informally she relies on all Head Start component coordinators for support and guidance in meeting family needs as per the Head Start Performance Standards. She is a critical link between the Child Care center and the family, doing monthly home visits while also spending time in the center observing the progress of children and assisting center staff.

Implementation of Model #3 requires approval from the Head Start federal Regional Office. The service delivery differs from the traditional Head Start models, and the cost allocation plan is different from those traditionally reflected in Head Start budgets. Also, the Head Start Policy Council would oversee Head Start services provided to the wraparound

children. A cooperative and supportive relationship between the Head Start Policy Council and the Child Care agency's governing board would enhance the success of this model.

Impact on the Child Care Program: This model will have the greatest positive impact programmatically and financially on the Child Care program. Since the children are already enrolled full time in Child Care, the Child Care program has maximum fees for services, that is, no part-time enrollment days with lessor fees. Additionally, the support of Head Start staff with wraparound families makes the Child Care staff's job easier; there is someone to call to help a family. Many of the wraparound families are still on welfare but in job training, or they are in minimum wage jobs. The multiple problems of poverty are still part of their lives. Head Start comprehensive support for families can alleviate a lot of stress in a Child Care setting where such support services are non-existent.

There are other ways that the Child Care program can experience a positive impact too. In order to ensure quality education component services, the Head Start program can pay for released time for Child Care staff to attend Head Start training events. The Head Start program can pay for released time for Child Care staff to meet periodically with the wraparound staff to share ideas, class activities, child's progress, etc. Head Start requires that education staff visit a family's home twice/year; Child Care staff can be given released time for this, paid by Head Start. By purchasing these "enhancing" services, Head Start still spends less for this model of services, yet offers a Child Care program something in return.

Projecting Costs: The cost of this model depends on how it is structured within the Head Start agency and how much educational enhancement or support is needed by the Child Care agency. Typically there is no fee paid for services to the Child Care program because Head Start maintains responsibility for meeting performance standards. We have found that about $400-$500/child is a good starting point for the cost of released time needed for teachers to attend inservice events, meet with parents, carry out assessments that aren't typically part of the Child Care experience, and conference regularly with the wraparound staff person. [NOTE: This figure is based on payment for released time hours of 90-100 hours per year per staff person. Released time hours include about 60 hours of inservice training and 30-40 hours of staff meetings with other Head Start staff. If more than one wraparound child were enrolled in the same Child Care group, then the number of hours needed would increase slightly but not exponentially because hours for staff training and teacher meetings would remain unchanged for 1 or 10 children.]

The wraparound Family Worker, who actually wears the hats of all the other components, works most effectively with a small caseload of 15-20 families in a full-time position. These costs are all Head Start's responsibility. Child Care assumes no additional expenses or financial risks with this model.

If the Child Care program prefers to identify the morning of each day as Head Start time and wants the Head Start agency to purchase a part-time slot for each wraparound child, then those rates and terms could be negotiated. In a "slot purchase" situation, the Head Start agency would pay the Child Care program sufficient revenue to have appropriate Child Care staff attend Head Start training events, along with all the released time necessary to meet the previous list

of responsibilities within the Education Component. There would be no additional $500/child support from Head Start to Child Care to cover those tasks. If a half-day fee was received from the Head Start program for a child, the Child Care program could not charge the enrolled family a full fee for the other half of the day, only a second half-day fee could be charged. Since low income families are using subsidies for Child Care, this fee reduction will likely save the subsidy funding source and not the parent fee portion of the total family fee. A full knowledge of how to blend and combine subsidy fees with other fees is important. And, double dipping (i.e. charging a fee for a service from two sources for the same child for the same hours of the day) is strictly illegal.

Projecting Revenues: The revenues for this model are primarily Head Start revenues wrapping services around a child in a Child Care setting. Of course, the family would be utilizing one of the subsidy funding streams available to pay for Child Care. See Chapter V for more information about Child Care subsidies.

Contractual Needs: Any transfer of payment from Head Start to Child Care should be established in a contractual agreement. Since this model expects a great deal of staff cooperation from both programs, describing those expectations as part of the contract is a good practice. When staff, such as Child Care group supervisors, are responsible for new and different tasks/activities because of one or more Head Start wraparound children in their classrooms, it is very important that expectations are clearly written and understood. Likewise, the Child Care program should be aware of exactly what kind of support and "wraparound" services Head Start is able to provide.

Collaboration Challenges: This model requires a high level of understanding and respect between Head Start and Child Care staff who work together. Careful preparation, opportunities to discuss expectations and concerns, and on-going supervisor support and guidance are critical to the success of this model. It can be very difficult if personalities are inflexible and demanding. It can be a win-win proposition for the two agencies and the families when it succeeds.

One specific challenge in this model will develop if a wraparound child suddenly loses her/his Child Care, e.g., parent is laid off, job training finishes, etc. This child had been jointly enrolled in both Head Start and Child Care, in the Child Care classroom. But, suddenly she/he no longer receives subsidy for Child Care, due to parent's ineligibility, so attendance at Child Care must stop. The Head Start provider has three choices in this situation:

1) The child could be transferred to a Head Start class in the same or a nearby community in order to continue her/his Head Start services, or

2) The Head Start provider may purchase a half-day slot from the Child Care provider (if the Child Care provider will sell it) for the number of half days/week that is typical for the Head Start agency to provide, and the child can remain in a stable placement for the remainder of the school year, or

3) The Head Start provider could continue Head Start services through a home-based delivery system for the remainder of the year.

Model #4: Extended Day Operated By Head Start With Non-Head Start funds

Model Description: The Head Start program develops a new **Child care service program** wrapped around Head Start services. Child Care is provided in Head Start facilities or in Head Start-administered and monitored family day care homes by the same, or different, staff employed by the Head Start agency.

Pros & Cons: The unique aspect of this option is the development of Child Care service by a Head Start agency. The Head Start program administers and operates both the Head Start and Child Care programs.

While there are benefits to having one administrative head, the issues of collaboration and coordination of service systems are still very pronounced. Notwithstanding, the experience of Head Start agencies is in providing Head Start services, not Child Care services. As discussed earlier, there are significant differences between the two systems. Being a skilled Head Start provider will not prepare you to be a capable Child Care provider, or vice versa.

All the issues discussed under Models #1, #2, and #3 are relevant to the development of a Child Care program within a Head Start agency. However, the special talents and skills required to operate Child Care may already exist in the community; development of a new service program by a Head Start agency may be a duplication of services, not an optimal use of limited resources.

Impact on the Head Start Program: The impact of developing a completely new service system is profound and significant. The Head Start program's Child Care division can be administered either separately or in concert with Head Start. The Administration for Children and Families (ACF) describes the federal government expectations in terms of grant information, resource sharing, federal financial support, etc. for both the separate program model and the shared resource model in the ACF Information Memo ACF-IM-91-10, page 5. Both models require careful cost allocation.

Cost allocation requires appropriate and accountable handling of program funds. The ACF states,

> "When a grantee chooses this configuration [Head Start-Child Care shared resource model], its application must clearly describe that portion of its total program that it wishes ACF to fund, including the federal and non-Federal share: this portion of the program would then be considered the legally defined Head Start program." (ACF-IM-91-10, pg 5)

For Head Start agencies who have exhausted all options at collaborating with an existing Child Care provider(s) **or** who have determined that Child Care services are undersupplied and who are intent upon developing a Child Care program to address identifiable needs for Child

Care by their Head Start families, Chapter V of this manual describes "Financial Management in Child Care," applicable to this model and Model #2. The process of sharing facilities, projecting costs, establishing a budget, predicting revenues, establishing policies, and more are discussed.

If in your research as a Head Start program, you establish that

1) the interest/demand for center-based Child Care "slots" is 2 to 3 times greater than the number you are considering serving, and

2) there are waiting lists for current providers, and/or Child Care facilities are not located conveniently for Head Start families, and

3) the average cost of care in your community is reasonable to support a Child Care operation under your agency's administration, and

4) subsidies are available to families in the Child Care service you might start,

then you may be moving towards a decision to provide Child Care services directly. The detailed discussion of Child Care management issues in Chapters V & VI will help guide your decision.

Impact of Child Care Program: No impact with this model

Projecting Costs: Projecting costs will be complicated to a Head Start provider without any experience in providing Child Care. CHAPTER V provides an introduction to "Financial Management in Child Care," a good beginning point.

Projecting Revenues: Again, a Head Start agency may be unfamiliar with the various subsidy programs available, with fee schedules, fee collection, etc. CHAPTER V provides an introduction to "Financial Management in Child Care" with a full discussion about revenues.

Contractual Needs: There are none in this model

Collaboration Challenges: The challenges of collaboration are not from without (with another provider), but will be from within, as a Head Start agency becomes a multi-purpose agency through expansion into Child Care.

Model #5: Information Resource and Referral Service

Model Description: In utilizing this model, the Head Start program responds to families' needs for resource information and referral to existing community programs.

Pros & Cons

Since the locations of Head Start facilities are selected based on location of target populations and not based on the location of the work sites of Head Start parents, often Head Start eligible families would prefer to enroll their children in a child care facility that is more convenient to their worksite. Head Start programs can assist parents by collecting information about Child Care resources in the area and serving as a clearinghouse, referring families to other agencies that may be able to provide needed services. The referral function would be helpful in cases in which the expansion of Child Care services within an existing Head Start program does not address a family's need for Child Care for non-Head Start age children.

Information resource and referral services for Child Care or any other family needs for enrolled Head Start children/families are part of the comprehensive social services provided within the guidelines of the Head Start Performance Standards.

Impact on the Head Start Program. There would be minimal impact since providing information about services in other agencies is part of the Head Start mandate.

Impact on the Child Care Program. None since no special relationship with a Child Care program is involved.

Projecting Costs: No additional costs beyond the regular cost of social services in Head Start.

Projecting Revenues: Not applicable since no services that cost additional funds are included in this model.

Contractual Needs: Not applicable

Collaboration Challenges: The challenge for Head Start will be in its collaboration with local Child Care providers concerning information about the Child Care service system. Head Start social services staff will need to become well informed about Child Care as a service, including how to become eligible, how to access subsidies, how fees are established and collected, and more. Accurate information to Head Start families will allow individual families to establish their own collaborative relationships with Child Care providers of their choice.

The most effective Resource and Referral services accept no responsibility for Child Care program quality or availability. Parents are trained and educated to make decisions appropriate to their needs. Referrals to Child Care providers must be offered equally to all community providers to avoid antagonizing or alienating a provider(s) in the Child Care community. A common practice is to present parents with names, addresses, and phone numbers of all caregivers within a geographic area or community, then, parents make their own decisions about care.

Model #6: Extended Day Services Paid With Head Start Funds

Model Description: In this option the child is enrolled in an extended day program which is funded totally by Head Start grant dollars. This model is not truly a collaboration model, though it is an option for Head Start agencies to consider if families have Child Care needs. In this model, Head Start funds cover the cost of the entire day of services. According to the prevailing meaning of a "day of service" in Child Care, the facility would be open and staffed for 10-12 hours/day. The Head Start Policy Council would be involved in the implementation of all aspects of the Child Care service. This is different from the current concept of most "full-day" services in Head Start, which provide direct service 6 hours or more per day. Implementation requires approval and funding from the Head Start federal Regional Office. The service delivery differs from the traditional Head Start models in terms of length of services per day and year.

Pros & Cons: This model is very expensive, costing more than twice as much for one child in this model as for two children in more traditional Head Start models. Approval of this model from federal Head Start Regional Offices has been inconsistent and unpredictable. If a Head Start agency proposes to implement this model with existing funds, significant program operating cuts must be made elsewhere in the program to support the increased funding needed per child in this model. Given the variety of subsidized Child Care funding sources and the variety of Head Start-Child Care collaborations that can be implemented at lower costs, it is unlikely that this model will become a standard option for Head Start programs.

This model does not provide families with the skills and experience that will foster future successes as they seek out solutions to family needs. First, this model does not allow for the collection of even a small family fee, as occurs in most subsidy systems. Payment of even a small fee by a family nurtures greater family responsibility towards use of the Child Care hours of the program and educates families about the cost of care. Second, one of Head Start's most important goals is to help families learn to help themselves in their communities. With this model, parents receive a service but no experience in the real world of Child Care. Parents need to learn about the Child Care system; this provides a service but does not teach self sufficiency or coping skills for the future. Last, this model restricts services to the Head Start age child in the Head Start classroom, letting older and younger siblings to be cared for somewhere else.

Impact on the Head Start Program: The impact for Model #6 will be similar to Model #4 without any of the risks typically associated with operating a Child Care program. Since revenues are coming from a grant and not fees, there is minimal risk if enrollment drops, no need to establish fees schedules, and no need for complex cost allocation.

Impact on the Child Care Program: Not applicable with this model.

Projecting Costs: The issues discussed under Model #2 and Model #4 are applicable for this model.

Projecting Revenues: Model #6 requires projecting revenues for a grant application, not for establishing fees and the managing of a Child Care program as is true in all other full-day Child Care service agencies. All of the discussion in this manual about competition, fee rates, minimum enrollment levels needed to cover expenses, etc., are not applicable when a grant source is paying the total cost of care.

Contractual Needs: None are needed for this model.

Collaboration Challenges: None are applicable with this model.

Head Start-Child Care Models Chart

Figure 3.1 summarizes the elements of each option. The following are some important points:

- **Siblings, either older or younger, can only be served in models utilizing space other than Head Start classrooms.** In order to serve non-Head Start age children during Head Start hours, you will need additional space. Separate staffing arrangements and revenues will also be required.

- **Models #1, #3, and #5 offer families the flexibility of selecting Child Care sites that are most accessible to their work sites.** Generally, Head Start center locations are not selected based upon their proximity to parents' worksites. The location of a Child Care center can be a deciding factor in its attractiveness to working families.

- **The model (#4) involving administration of Child Care by a Head Start agency will significantly impact the Head Start agency's administration.** This model involves adding a Child Care program to an existing Head Start program. The impact will be greatest for single-purpose Head Start agencies, which often do not have the administrative capacity for the additional responsibilities created by the Child Care program. Implementation of Models #1 and #2 requires coordination, planning, and flexibility with little or no administrative costs or significant additional administrative work.

- **Start-up costs for Child Care cannot be charged to the Head Start budget.** Because Child Care is not considered a Head Start function, the start-up costs must be borne by the Child Care agency or the newly established Child Care program. Thus, the development of new revenue sources will be a priority since start-up grants or program improvement grants are rarely available in the Child Care industry.

- **Remember, implementation of Models #3 and #4 requires approval from the Head Start Regional Office by the Head Start Program.** The service delivery differs from the traditional Head Start models, and the spending plans are different from those traditionally reflected in Head Start budgets.

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- **Model #3 may be less costly than traditional Head Start models.**

- **Model #6, in which Head Start money is used for full-day services will be costlier than any other existing Head Start model.**

- **Model #4, which develops a new Child Care program, requires the greatest investment of development time and start-up costs by the Head Start program, and has the greatest operational impact. It is not really a collaboration model, but rather a service expansion and development model.**

Figure 3.1: Head Start-Child Care Collaboration Models

Model	Location of Child Care Services	Impact on Head Start Operations	Impact on Child Care Operation	Serve Siblings	Start-Up Obligations
1: Child Care Different Location	Family's choice - Existing Child Care facility	Flexible transportation arrangements	Minimal to significant due to numbers of children/provider	Yes	None
2: Child Care Provided by Others at Head Start Location	Head Start classroom	Cooperative space agreement with outside Child Care provider	Very significant; total program expansion; cost sharing for space	No	Responsibility of Child Care provider
3: Head Start "Wrapped Into" Child Care Services	A Child Care agency under a different grantee (Existing Child Care agency)	Head Start wraps non-classroom component services around Child Care	Significant but positive with no financial risk	Yes	None, using existing facility
4: Extended Day Operated by Head Start Agency	Head Start classroom	Very significant impact. Head Start develops a Child Care service division	None	Not necessarily unless additional space available at Head Start class site during Head Start operation hours	Paid by Child Care revenue sources
5: Resource and Referral Service	Family's choice	Minimal; expansion of resource & referral within Social Services Component	None	Yes	Minimal to none;
6: Extended Head Start With PA 23 Funds	Head Start classroom	Very significant Head Start services for total day with Policy Council involved in all aspects of services	None	Not necessarily unless additional space available at Head Start class site during Head Start operation hours	Paid by Head Start

Management Of Dual Enrollment

There is nothing illegal or unethical about enrolling children/families in two separate services and receiving payment for those services from various funding sources, i.e. Head Start, subsidy agencies, and parent fees. Clear distinction of services is important, such as which hours are Head Start hours and which hours are Child Care hours.

"Double-dipping," or receiving payment from two sources for the same hours of service, is unethical and should be avoided. Clear definitions of services and distinctions of hours are important. Appropriate and rational allocation of costs, along with adherence to definitions of full-time and part-time "units" will prevent mistaken double-dipping.

Role Of The Federally Mandated Head Start Policy Council In The Various Models

The role of Policy Council varies according to the model implemented. It is most easily defined and coordinated with the Child Care services when the Head Start and Child Care programs are part of the same agency; however, even within the same agency, the use of different service systems paid by different funding sources can create new challenges in decision making coordination. A brief review of the Policy Council's role in Models #3 through #6 will illustrate the possibilities.

- **Model #3: Head Start Wrapped Into Child Care Services:** A contractual agreement between the Head Start agency and the Child Care agency would describe the coordination and collaboration of services for families enrolled in the Child Care agency eligible to receive Head Start enhancement services. This relationship and agreement would be consistent with a delegate-grantee situation with rules as established by ACF. This agreement would need to define the role of parents whose children are in dual enrollment with Child Care and Head Start, specifically their representation and participation on the Policy Council as defined by applicable federal regulations. The responsibilities of the Child Care agency should be defined within the context of the Performance Standards so both agencies understand which standards are the responsibility of which agency. As in any subcontract relationship, the Policy Council would have the responsibility of insuring that the contractual terms and conditions are met and followed. The Child Care agency's Board of Directors would have legal responsibility over the operations of the Child Care program; but the Child Care program would be bound by a contractual agreement with the Head Start program, for the terms and conditions which must be met for Head Start services.

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- **Model #4: Extended Day Operated by Head Start:** The Policy Council would be responsible for the specified Head Start part of the day and for the delivery of all Head Start related services. The Child Care part of the day would NOT necessarily require the Policy Council's involvement. However, it is a good practice to have the Policy Council review and approve cost allocation plans to ensure fair and consistent distribution of shared resources and costs.

- **Model #5: Resource and Referral Service:** The Policy Council would be involved with these services within the context of applicable federal regulations and the Performance Standards.

- **Model #6: Extended Services Using Head Start Funds:** The Policy Council would play its role as defined by applicable federal regulations, just as in the part-year, part-day Head Start program.

Myths of Head Start Expansion Into Child Care Services

Misconceptions abound in the Child Care provider system about Head Start and in the Head Start system about Child Care. A few of the common misconceptions, labeled "Myths" follow:

1) **Myth: Development of a wraparound will eliminate low wages or raise salaries of Head Start staff.**

   Fact: If Head Start staff are able to work a longer day or a longer year, they will realize increased annual earnings. But hourly wages will not necessarily change; staff will simply work longer hours for the same hourly wages. Nationally, Child Care workers on the average earn **less** than Head Start staff.

2) **Myth: Expansion into the Child Care market will generate substantial extra revenue for the grantee or for the Head Start program.**

   Fact: Revenue generated through the collection of Child Care fees will be used to pay the expenses of the Child Care services division. Often, Child Care revenue sources are inadequate to maintain the same quality that Head Start programs are expected to maintain. Child Care providers must live within the limits of their resources if they are to survive and continue to serve their communities. Resource limitations in Child Care have caused the virtual disappearance of social services support in Child Care programs that, ten years ago, was quite common, especially in programs operating with government subsidies.

Overall, the Child Care system is not currently producing a surplus of revenue. Newspapers, magazines, and professional journals have described the current crisis in Child Care: the funds for Child Care are often inadequate.

3) Myth: Child Care services are simply an extension of Head Start.

Fact: Though both service systems may strive to provide developmentally appropriate learning environments for young children, there are important differences, the most striking being the funding base, the administrative activities, and the program goals. Child Care is not simply adding a few more hours per day to a center-based Head Start program. Additionally, Model #4, which involves the Head Start program expanding its operation to include Child Care services, is unresponsive to the Child Care needs of younger and older siblings. If parents work, younger siblings will need full day care somewhere. Often parents prefer to organize care in such a way that all their children are cared for at one site. Volunteering by Child Care parents in the classroom is rare, because they have work commitments. Viewing Child Care as an extension of Head Start is shortsighted for it only addresses the needs of the Head Start enrolled child, not the total family. Also, the daily schedule for Child Care services might be less structured and less comprehensive than the 4-hour day in Head Start.

4) Myth: Child Care service delivery is EASY.

Fact: Child Care characteristics and procedures that are unfamiliar to Head Start programs include the following:

- establishing fee schedules (often based on ability to pay)
- collecting fees weekly
- dealing with late or non-payment of fees
- responding to parents' preferences for frequency of care (often less than full time) while still maintaining an efficient operation
- providing service on days when the weather is inclement (parents still go to work!)
- scheduling staff hours for a day that is 10-12 hours long
- dealing with staff burnout due to long days with few breaks in working directly with children
- coping with fluctuating income (revenues from fees--**and also from government subsidies**--are based on enrollment and attendance)
- providing a service 12 months a year

CHAPTER IV: ASSESSMENT OF FAMILY CHILD CARE NEEDS AND RESOURCES

Sample Questions to Determine Family's Child Care Needs

Whether you are a Head Start agency or a Child Care Provider, a plan for developing or expanding services should be based on documented community and family needs, not on the personal preferences and interests of an administrator or of agency leaders. If you are concerned that the Child Care needs of Head Start families are unmet or that current delivery systems are inadequate, the first step is to gather information on specific needs.

A survey of Child Care needs will help you design services to meet the needs of Head Start families. Each model can be examined in light of families' needs and preferences.

In your survey, avoid general questions such as "Would you like to receive Child Care at the Head Start center or another center?" Make your questions as detailed as possible, so that a parent will not "read something into it." Use questions that elicit specific information about the parents' current situation and their preferences for services that may be available in the future. Questions should cover the following topics:

Employment	Cost of care
Type of current care	Affordability
Times care is needed	Assistance needed
# of children needing care	Care preferred
Current satisfaction	Barriers to employment
Infant/Toddler care	School age care

Some examples of questions you could include are presented on the following pages.

Suggested Questions to Include in Your Survey of Family Child Care Needs

1. Are both you and any other adult in your household working? ___ yes ___ no
   If yes, indicate:
   MYSELF:____full-time____part-time OTHER ADULT: __full-time __part-time
   _____ average hours per week _____average hours per week

2. Are either you or any other household adult enrolled in job training or an education program?
   ____yes ____no
   If yes, MYSELF.....: ____full-time____part-time
   OTHER ADULT: ____full-time____part-time

How many hours per week are you attending classes, training, etc., on the average?

MYSELF..... _____ hours per week

OTHER ADULT: _____ hours per week

IF you answered "NO" to both #1 and #2, go to Question #13.

3. What are your Child Care arrangements while you work or attend job training or further education? (check all that apply)

___someone comes to my home
___my children go to someone else's home
___my children go to a Child Care center
___a family member cares for my children
___other (describe):

4. When do you use or need Child Care? (check all that apply)

___daytime, weekdays ___daytime, weekends
___evenings, weekdays ___evenings, weekends
___nights, weekdays ___nights, weekends
___9 months/year ___12 months, all year

5. What are the birth dates of your children who are five years old (preschool) or younger?

___/___/____ , ___/___/____ , ___/___/____ , ___/____/___

6. What are the birth dates of your **school-age** children for which you need Child Care?

___/___/___ , ___/___/___ , ___/___/___ , ___/___/___ , ___/___/___

7. How do you feel about the Child Care arrangements you have now?

___ very satisfied
___ OK, but could be better
___ not satisfied, would like something different

IF NOT SATISFIED, what kind of care would you like to have?

Please check only one.

___ someone come to my home
___ my children go to someone's home
___ my children go to a center
___ a family member provides care
___ other (describe):

8. What do you pay per week for Child Care for all your children combined?

___$ 0 - $ 9/wk ___$50 - $69/wk
___$10 - $29/wk ___$70 - $89/wk
___$30 - $49/wk ___$90 or more/wk

9. For you and your family, what is an affordable and reasonable fee for one week of care for one child?

___$ 0 - $ 9/wk ___$50 - $69/wk
___$10 - $29/wk ___$70 - $89/wk
___$30 - $49/wk ___$90 or more/wk

10. How can the Head Start program help with your Child Care needs?
(check all that apply to you)

___ have more flexible transportation routes so that my child can be dropped off or picked up at a place other than our home
___ have Head Start operate earlier or later in the day so I can more easily coordinate with my Child Care
___ let me drop off my child 30-60 minutes before the actual Head Start program starts
___ set up a Child Care center at the Head Start center
___ inform me about Child Care in the community and how I can get the services I need
___ provide infant care at Head Start facility
___ provide after school care at Head Start facility
___ other (describe):

11. If you could change your Child Care arrangement, what would you want?
Please check only one.

___ have someone care for my children in my home
___ have my children go to someone else's home
___ have my children go to a Child Care center
___ have a family member take care of my children
___ other (describe):

12. How do you deal with care for your school age children (if you have any) in the summer and on school holidays?

___ someone comes to my home
___ my children go to someone else's home
___ my children go to a Child Care center
___ a family member cares for them
___ they stay home alone
___ other (describe):

13. If you are not employed, is the lack of Child Care keeping you from working?

____yes ___no

If interest in Child Care services at a Head Start site seems high (see question #10 in the suggested survey questions), conduct a detailed follow-up survey including possible fees, hours, and flexibility in scheduling. The follow-up summary will identify the number of families interested in the specific Child Care arrangements you are considering.

As a rule, only 1/3 to 1/2 of the families that express interest in a Child Care program will ultimately enroll. **Two to three times as many interested families are needed to consider the expansion of Child Care services for Head Start families, specifically MODELS #2 and #4.**

Assessment Of Community Options and Availability

If the parent survey results indicate an interest in center-based care, complete an assessment of community options and care availability before deciding if a new Child Care service is warranted. Be sure to consider your answers to the following questions before making your decisions:

- Are Head Start families using existing providers? If not, why not?
- Are Child Care facilities filled?
- Are there waiting lists?
- What is the average "wait" to get admitted?
- What fees are charged?
- What subsidies are available?
- Are enrollments low because of excessive fees?
- Would a new Child Care service be more affordable?

Become familiar with the types of care and operational policies (e.g., how parents pay fees, hours of service, etc.) of community providers. Can your community coordinate Head Start services with existing Child Care services, and thereby avoid duplication of effort? Perhaps a more appropriate role for the Head Start program is to serve as an advocate for families who are utilizing Child Care providers in the community. The community options analysis is extremely important to analyze how best to help Head Start families meet their Child Care needs.

In summary, assessing community options includes these analyses:

- an analysis of the feasibility and appropriateness of potential Child Care models as prioritized by the survey of Head Start family Child Care needs, and

- a market analysis of the current Child Care service system in your community with client target areas noted.

Resource Identification

For a Child Care provider the following information may be common knowledge in the business. For the Head Start provider, this information may be new.

Along with a market analysis, conduct a resource analysis. Find out "who" will fund Child Care services, and "how." You should consider these three primary sources of income:

- The Child Care and Adult Food Program (CCAFP): This federal grant program reimburses the Child Care provider for the cost of providing meals for children. The reimbursement is calculated in a manner similar to the way it is done in the Head Start program. Children from lower income families receive greater reimbursements. In order to be conservative and avoid projecting revenues you may not collect, us an attendance rate of 85% for predicting revenue from this reimbursement fund.

- Parent Paid Fees: In your research, include a study of the prevailing Child Care fees in the community. Using an average fee, calculate the projected revenue based on anticipated average daily attendance. (More information on fee management is presented in Chapter V. of this manual.)

- Fee Subsidies: Compile an inventory of available state/federal subsidy fee rates. Subsidy programs may have a fee structure for maximum allowable fees within which the subsidy program pays a portion and the family pays a portion. Subsidy fee schedules are directly related to an organization's private fee schedule, the latter being the fees paid entirely by non-subsidized clients. Subsidy programs often pay the same rate as an agency's private fees, **up to a specified fee limit**. The subsidy program regulations often stipulate that your program will be paid your fee rate or **their** fee limit, whichever is less. For example, if your preschool rate is $80/week and state/federal subsidy program fee limit is $85/week for a preschooler, you would receive only $80/week. Another Child Care provider with a preschool fee of $85/week, however, would receive $85 from the subsidy program. If your fees were $90/week and the subsidy program only paid up to $85, you would receive only $85/week.

  Your resource analysis should also include answers to the following questions:

  1. A large percentage of Head Start families are eligible for subsidies, but are subsidy funds available for every eligible family?

  2. If Head Start families receive subsidies, can the families afford the family fees or user fees which may be required?

  3. Which agency(s) distribute subsidies?

4. What process do Child Care providers pursue to receive subsidies? What paperwork is involved initially and on an ongoing basis?

5. How long is the waiting list for subsidies?

6. How long is the delay between providing services and receiving subsidy payments?

7. Will Head Start families be able to afford the private, unsubsidized fees if they are unable to utilize subsidies?

If your resource estimates rely on subsidies that you cannot say with utmost assurance are available, reconsider your decision. The worst planning mistakes to make are

1. Assume a resource is available when it is not, and

2. Underestimate costs.

CHAPTER V: FINANCIAL MANAGEMENT IN CHILD CARE

This section of the manual will provide a very basic introduction to financial management in a Child Care program, applicable in three different ways for Head Start and Child Care agencies:

1) It will provide a guide to a Head Start agency that wishes to establish a Child Care program as introduced in Model #4; **or**

2) It will provide the experienced Child Care provider with the tools necessary to compare its agency's current fiscal management practices to the ideas in this manual and/or to development a collaborative relationship with a Head Start provider as introduced in Model #2; **or**

3) It will provide a new Child Care provider with a guide to Child Care financial management regardless of whether or not a collaborative relationship with Head Start is involved.

Your parent survey of family Child Care needs will give you enough information to estimate potential enrollment. Use this estimate to begin budget preparation. The budget development process will involve re-analyzing costs and resources several times, until you are certain of the minimum enrollment level for efficient operations. If the necessary minimum enrollment level exceeds the level of demand, reconsider your options. **Do not consider operating a Child Care center if you do not have enough clients to cover the costs!**

NOTE: The expense figures and revenue figures used throughout this chapter may or may not be applicable to your community.

Projecting Costs

Projecting costs is complex due to the ever changing variable of enrollment in Child Care. The step by step process of basic budget preparation will be presented following a detailed discussion of projections and allocations of costs related to sharing space. This is probably the most complicated cost sharing calculation required of collaborative relationships between Head Start and Child Care.

Sharing Space:

When sharing space, it is expected that the Head Start and Child Care programs each assume a portion of the cost. Determining this "fair share" for each line item associated with facility sharing can be tedious and confusing. It may be useful to determine an overall usage-

rate based upon facility use, whether through actual square footage used or hours of the day space is used, or some combination. A step-by-step way to allocate and determine costs for a site implementing either Model #2 (Child Care Provided By Another Agency at Head Start Location) or Model #4 (Extended Day Operated By Head Start With Non-Head Start Funds) will be presented.

Calculating Shared Space: There are many different allocation plans for shared space use, both for a situation of sharing among different programs within an agency **and** for cost sharing with outside agencies. A method that has worked well repeatedly is to consider **only the classroom space as a basis for allocation formulas, not all space in a facility**. For example, a facility may have several classrooms, several restrooms (both adult and child), perhaps a kitchen, a staff room/meeting room, and/or a lunchroom. There are usually hallways and storage rooms. If the kitchen, staff rooms, lunchroom, and any other "common" space is used by all programs in the building, then these spaces can be left out of the formula. The percentages established for the class spaces will be applied to total facility costs. Hence, this method makes a reasonable assumption that use of common spaces is based on the same percentages as overall class space use.

Step 1: Identify any exclusive use space in a facility.

Room & Square Footage	Head Start's Square Footage	Child Care's Square Footage

Step 2: Identify the room(s) which will be **shared** between Head Start and Child Care, including the square footage of each room.

Shared Room(s)	Square Footage

Step 3: Calculate the total square footage for class space. This number will be the basis upon which percentages will be calculated:

A: Total Head Start Only Space----------> _____

B: Total Child Care Only Space----------> _____

C: Total Shared Space----------> _____

D: TOTAL SQUARE FOOTAGE-------> _____

Step 4: Determine percent of exclusive and shared space.

Space Designation	Calculation	Percent of Total
A: Head Start-Exclusive	Step 3-A divided by Step 3-D	
B: Child Care-Exclusive	Step 3-B divided by Step 3-D	
C: Shared Space	Step 3-C divided by Step 3-D	

Step 5: Determine the additional hours of service beyond Head Start when Child Care will be using specified rooms.

Days	Hours	Approx Days/Yr	Hours/Year
		Total Additional Child Care Hours/Yr	

Step 6: Determine the allocation for the shared space only.

Program	Calculation For Hours/Year	Hours Of Usage/Year	Percentage Within Shared Space Only
Head Start	__ days/yr x _hrs/day = ___ hrs/yr		
Child Care	See step #5 for calculation		
Totals			

Step 7: Translate the allocation percentages within the shared space (Step 6) to percentages related to the whole building (Step 4) by multiplying the shared percentages from Step 6 by the overall total percentage of shared space from Step 4-C.

Program	Calculation From Percent Within Shared Space To Percent Of Whole Facility	Percentage Within Total Facility
Head Start	___% (from Step 6) X Total Shared Space Percent	
Child Care	___% (from Step 6) X Total Shared Space Percent	
Totals		*

* NOTE: This total should equal the percent of shared space calculated in Step 4-C.

Step 8: Add together the space percentages for exclusive and shared space to calculate the usage percent for space.

Program	Exclusive Space %	Shared Space %	Total
Head Start			
Child Care			
Total			100%

Step 9: Apply the percentages to projected costs.

Facility Costs	Head Start Share: __%	Child Care Share: __%
Rent.....		
Electric.....		
Heat.....		
Custodial.....		
Maintenance.....		
Garbage.....		
Telephone.....		
Total Facility Costs---->		

SAMPLE CALCULATION

Now, let's do an example:

> The ABC Children's Center serves 100 children from Tuesday to Friday, from 8 a.m. to noon, 136 days per year. Data from a recent survey of family Child Care needs indicate that approximately 50-60 of the children need Child Care **before and after** Head Start hours. Planning conservatively, we project that 20 children would ultimately enroll in a full-day Child Care program at the center. What portion of all costs related to the facility should be charged to the Child Care program?

Step 1: Identify any exclusive use space in a facility.

Room & Square Footage	Head Start's Square Footage	Child Care's Square Footage
Head Start Room A	800	
Head Start Room B	800	
Head Start Room C	800	
Head Start Room D	800	

Step 2: Identify the room(s) which will be **shared** between Head Start and Child Care, including the square footage of each room.

Shared Room(s)	Square Footage
Room E	800

Step 3: Calculate the total square footage for class space. This number will be the basis upon which percentages will be calculated:

A: Total Head Start Only Space----------> 2400

B: Total Child Care Only Space----------> 0

C: Total Shared Space----------> 800

- TOTAL SQUARE FOOTAGE----------> 3200

Step 4: Determine percent of exclusive and shared space.

Space Designation	Calculation	Percent of Total
A: Head Start-Exclusive	Step 3-A divided by Step 3-D 2400 divided by 3200	75%
B: Child Care-Exclusive	Step 3-B divided by Step 3-D 0 divided by 3200	0%
C: Shared Space	Step 3-C divided by Step 3-D 800 divided by 3200	25%

Step 5: Determine the additional hours of service beyond Head Start when Child Care will be using specified rooms.

Days	Hours	Approx Days/Year	Hours/Year
Monday	6:30am - 5:30pm	34	374
Tuesday-Friday	6:30am - 8:00am	136	204
Tuesday-Friday	Noon - 5:30pm	136	748
Monday-Friday	6:30am -5:30pm	80	880
		Total Additional Child Care Hours/Yr	2,206

Step 6: Determine the allocation for the shared space only.

Program	Calculation For Hours/Year	Hours of Usage/Year	Percentage Within Shared Space Only
Head Start	136 days/yr x 4hrs/day = 544 hrs/yr	544	20%
Child Care	See step #4 for calculation	2,206	80%
Totals		2,750	100%

Step 7: Translate the allocation percentages within the shared space (Step 6) to percentages related to the whole building (Step 4) by multiplying the shared percentages from Step 6 by the overall total percentage of shared space from Step 4-C.

Program	Calculation From Percent Within Shared Space to Percent of Whole Facility	Percentage Within Total Facility
Head Start	20 % (from Step 6) X Total Shared Space Percent or 25%	5%
Child Care	80 % (from Step 6) X Total Shared Space Percent or 25%	20%
TOTALS		25% *

* NOTE: This total should equal the percent of shared space calculated in Step 4-C.

Step 8: Add together the space percentages for exclusive and shared space to calculate the usage percent for space.

Program	Exclusive Space %	Shared Space %	Total
Head Start	75%	5%	80%
Child Care	0%	20%	20%
TOTAL	75%	25%	100%

Step 9: Apply the percentages to projected costs.

Facility Costs	Head Start Share: 80%	Child Care Share: 20%
Rent.....$12000/yr	9600	2400
Electric.....$ 600/yr	480	120
Oil Heat.....$ 1500/yr	1200	300
Custodial.....$ 4500/yr	3600	900
Maintenance.....$ 1500/yr	1200	300
Garbage.....$ 1250/yr	1000	250
Telephone.....$ 600/yr	480	120
Total Facility Costs...: $21,950	17560	4390

ANSWER TO SAMPLE EXERCISE: Child Care program would pay $4,390/year; Head Start program would pay $17,560/year.

Limitations to Calculation Method Presented:

There are many ways to calculate shared costs. The method presented may or may not suit your individual situation. Use the concepts in this method to create your own calculation rationale or modify this one.

One of the limitations of this method is that is treats rental costs and utility costs the same. Is this reasonable since the Child Care program is using space from 7-11 hours/day, not the 4 hours of Head Start (in the shared room) or 6 hours for Head Start in the other rooms. It could be argued that Child Care services, though limited to only 20% of the space, actually use 30%-40% of the utilities because their operating hours last so much longer than the Head Start hours in other rooms in the site. The following worksheet offers a basic calculation sample to allocate utilities differently, based on actual hours **and** days of operation for one year:

Program	Calculation	Total Daily Hours/Year
Head Start: Exclusive Rooms	180 days X 6hrs/day X 4 rooms (6 hrs/day used since staff remain in HS rooms & work after children leave each day)	4320
Head Start: Shared Room	136 days X 4hrs/day X 1 room	544
Child Care: Shared Room	136 days X 7hrs/day X 1 room+ 114 days X 11hrs/day X 1 room	2206
Total Daily Hours/Year		7070

The percent of Head Start hours at the site: (4320+544) divided by 7070 = 69%

The percent of Child Care hours at the site: 2206 divided by 7070 = 31%

As you can see from this modified calculation, the Child Care program would assume a greater share of the non-rent costs, or utility costs, at the facility. This method would not be applicable to rent because the rent does not fluctuate with hours of use. But, utilities probably will increase if space is used for more hours.

Basic Budget Preparation

A sample Budget Preparation Worksheet is presented in Appendix C for use in projecting your Child Care expenses. The following analysis of the various expense categories may be helpful as you approach this task:

- Personnel Costs
- Travel Costs
- Program Supply Costs
- Office Supply Costs
- Other Supply Costs
- Equipment Costs
- Contractual Costs (Space Costs, In-Kind Values, Annual Audit Costs, Other Contracts)
- Other Costs (Staff Travel-Local, Pupil Travel, Maintenance, Telephone, Postage, Food, Printing/Advertising/Publications, Employee Development, Insurance, Start-Up Loan Costs)

Personnel Costs:

State licensing requirements will determine the number of staff and the credentials required to care for the children. Using the ABC Children's Center example, we will assume that a 1:10 staff-to-child ratio is required, meaning that for their 20 children, 2 staff members must be present at all times. (NOTE: Many state child care regulations require a minimum of two staff present at all times even if the number of children present is less than the required staff-to-child ratio.)

The ABC Children's Center is in a state where licensing standards require that one person be a professional with a degree or CDA (Child Development Associate credential) and one person be a paraprofessional with a high school diploma and two years experience. The best staffing plans are conceptualized with all necessary information, so reading and learning about state regulations is imperative before any budget planning occurs. Head Start is expected to comply with federal regulations and appropriate state regulations. Child Care must comply with state regulations.

Staffing for ABC Child Care may look like this:

***Shared Head Start days* (Tuesday through Friday):**

6:30--------8:00am noon----------5:30
1 Teacher & 1 Aide: 7 hours/day

***Full-day services* (non-Head Start days):**

6:30---------- 2:30 ----------5:30
1 teacher (8 hours/day) 1 teacher (3 hours/day)

6:30---------- 9:30 ----------5:30
1 teacher aide (3 hours/day) 1 teacher aide (8 hours/day)

There are a variety of possible combinations for staffing patterns. This example presents only one. Head Start staff, who may work 6 or 7 hours/day, may apply to work extra hours during the Child Care times of the day in the early morning or late afternoon patchwork times, or they may apply to work on full days of service, for holidays, or during the summer. Since Child Care operates for 11 or more hours/day, staggering staff time becomes necessary. In most states it is illegal to require staff to work 11 hours/day or beyond 40 hours per week without paying overtime. It is emotionally and physically draining to work more than 8 hours/day and provide quality service to children. Child Care programs typically use part-time staff in the early and late hours of the day. These part-timers often become the experienced pool of substitute teachers.

In this example, classroom staff costs for one year of the ABC Child Care will be calculated as follows:

Position	Calculation	Total
1 Teacher	7 hrs/day X 136 days X hrly wage+	
	8 hrs/day X 114 days X hrly wage	
1 Teacher	3 hrs/day X 114 days X hrly wage	
1 Teacher Aide	7 hrs/day X 136 days X hrly wage+	
	8 hrs/day X 114 days X hrly wage	
1 Teacher Aide	3 hrs/day X 114 days X hrly wage	
Substitute *	8 hrs/day X ?_ days X hrly wage	

* The "?" number for "**substitute**" is the number of days allotted to staff as paid days off. For example, if both of the two full-time staff members can have 10 paid sick days and 10 paid vacation days each year, then there is a potential need for substitute time of 40 days, 2 staff X 20 days.

Meal preparation staff time must be added for the 114 days (34 Mondays and 80 holidays and summer days) of full day services if food is to be prepared on-site. The hours for 1 cook for 20 children for breakfast and lunch preparation (class staff can take care of afternoon snack themselves) might be 4 per day.

1 Cook	4 hrs/day X 114 days X hrly wage =	$

Transportation services in Child Care usually only include field trips. Daily transportation to and from home is not usually provided. Head Start would not be responsible for transportation once the Child Care services began each day. In other words, families receiving Child Care services would be required to pick up their own children on combination Head Start/child care days, or to bring in and pick up their children on Child Care-only days. If the Child Care program plans to provide transportation services, then the cost of such services needs to be calculated into the parent fees.

Administrative staff hours are difficult to project. At a minimum, even for a relatively small Child Care program such as the ABC Child Care program, administrative support should include staff in the following types of positions:

- Secretarial/Bookkeeper (part-time)
- Director (part-time)
- Enrollment Coordinator (part-time)

One way to project these costs is to speak with other providers about their administrative staffing patterns as compared to the number of children they serve. For our example we will not add any specific administrative staff under the heading PERSONNEL & FRINGE; rather, we will have one line item at the end for all administrative costs equal to 12% of the total budget. From this budget line item, administrative staff and fringe costs, office space costs, office supplies, and any other direct administrative costs will come.

Total Personnel	Sum of Wages For All Positions	
Total Fringe	Total Wages X % (agency's fringe package)	

Travel Costs:

Expenses in this category will reflect travel for training needs and requirements. Some states require a specific number of Continuing Education Units (CEU) or training clock hours for key staff in Child Care programs each year. Travel costs for such training events should be included. A minimum of one professional conference per year in the state or region for professional staff is suggested.

Program Supply Costs:

Program supplies include the obvious consumables in Child Care classrooms. They also include the following:

1. paper, parent information, policy manuals, etc.
2. duplication and printing costs for non-administrative activities

Projecting program consumable supplies is complex. It would be a false assumption to predict that every hour of every day results in equal consumption of supplies, especially given the afternoon nap periods, the early morning hours and the late afternoon hours planned for outdoor activities. In the ABC Child Care example of wraparound services in which there are 114 full days of care added and 136 part days with extended hours, a more accurate assumption would be that program supplies for a "wraparound child" (for the extra hours) would cost slightly more than is budgeted for that child in Head Start.

Another way to project this expense item is to collect information from existing Child Care providers. Quality Child Care programs tend to spend approximately $100/full-time child for program supplies. In our example of a 20 child wraparound program we could budget about 80% of $100 or $80/child/year because a dual serviced child would attend Child Care 80% of the total time that a full-time child would (2206 hrs/yr in Child Care and 544 hrs/yr in Head Start).

Thus, in projecting the program's supplies cost, the agency can use either a cost projection based on the Head Start cost ratio, or the average Child Care cost. For our example we will use $80/child.

Office Supply Costs:

Office supplies include the following items:

1. paper for administrative activities
2. office consumables
3. office machine maintenance
4. duplication and printing costs for administrative tasks
5. computer supply expenses
6. payroll and fiscal management expenses

On the average, a Child Care provider might spend $20 - $25 per full-time child on office supplies. In our example, ABC Child Care office supplies are included in the final budget line item: ADMINISTRATIVE COSTS

Other Supply Costs:

Non-food paper products for snacks and meals on full days of service along with custodial supplies must be budgeted. Paper products for meals should be calculated using Head Start budget costs once you have determined the number and types of meals to be provided. Average custodial supplies cost about $25 - $30/full-time child in a Child Care program, annually.

Equipment Costs:

Most class equipment can be shared between the two programs. Child Care services do, however, require cots or sleeping mats for each child. All equipment used by both programs will deteriorate more quickly due to operating 55 hours each week all year round. Therefore, the Child Care budget should be responsible for purchasing and replacing about 70% - 80% of all equipment in classrooms used by the Child Care program. Equipment in this budget includes toys, games, puzzles, etc. Remember, Head Start is using the classroom for 20% of the hours each year and Child Care is using it for 80% of time. (Note: The word "Equipment" is being used generically to mean non-consummable items regardless of cost. Federal and state regulations will determine what costs are charged to supply or equipment cost centers.)

Contractual Costs:

Contractual costs include those costs determined by some type of contractual agreement and may include the following:

Space: The first part of this chapter discusses how to identify fair and reasonable space costs. The Chart shown in Step 9, which has applied the example of the ABC Children's Center sharing space with one classroom at the ABC Center, indicates that the Child Care share of space costs, **only the rent and utilities** (excluding maintenance, custodial costs, and telephone, all budgeted separately in this example), is $3,070.

In-kind Space: In-kind values are calculated based on fair market costs, such as an estimate for rent for space that Head Start utilizes but for which Head Start pays only utilities. If that space is shared with another program (e.g., Child Care) for part of each day, then the in-kind

donation to the Head Start program is reduced. Thus, a portion of the in-kind value is, in effect, donated to the Child Care operation. The way in-kind values are calculated by the Head Start program will determine whether expansion into Child Care will impact the in-kind donation to Head Start.

Annual Audit Costs: Funds must be allocated to cover increased audit expenses. An estimate from your CPA (Certified Public Accountant) or a percent based on the amount paid for your Head Start audit can be used as a guide. For example, if your Head Start audit costs $3,000 for a $500,000 program, your audit is approximately .6% of your budget. If your Child Care budget is $300,000 then an estimate of audit costs would be .6% or .006 X 300,000 = $1,800. Your CPA should be consulted, though, because auditing fees for a service program such as Child Care may be different from the fee for a grant program like Head Start. In our budget example we do not identify any audit costs, but rather include those costs in the total administrative cost category.

Other Contracts: Custodial services, legal services, professional fees for consultation, etc., are a few of the other contractual expenses to be considered.

Other Costs:

This miscellaneous section includes the following cost categories:

- Staff Travel-Local
- Pupil Transportation
- Maintenance
- Telephone
- Postage
- Food
- Printing/Advertising/Publications
- Employee Development
- Insurance
- Start-Up Loan Costs

Staff Travel Local: Expect minimal costs in this category due to the absence of travel between worksites (except for supervisory staff) and no requirement for home visits in Child Care.

Pupil Transportation: This item will involve minimal expenses (except for field trips) since parents are usually responsible for picking up and dropping off their children.

Maintenance: If Head Start program improvement dollars are used for site maintenance, the purest perspective would require that an appropriate proportion of Child Care revenues should also be used. For example, if a Head Start/Child Care class moves to a new facility and renovations to meet licensing requirements will cost $10,000, Child Care revenues should pay according to shared use, the same percent as is used for SPACE and EQUIPMENT, which in our example would be 80% Head Start and 20% Child Care.

Telephone: Telephone expenses would probably present no new costs in your budget. But again, the percent used to allocate space costs should be used to allocate telephone costs between Head Start and Child Care. For example, if the basic telephone cost for the center (several lines and several numbers for the five classrooms) will be $600/year, using our example of the ABC Center, the Child Care budget should pay 20% of the basic service and all long distance calls during their operating hours.

Postage: On the average, Child Care programs probably budget about $10/year per full-time child.

Food: These costs along with any other nutrition program costs should be borne in part by the Child Care Food Program (CCFP) with excess costs placed in the Child Care budget. Recordkeeping to separate meals and other costs will be necessary. If a lunch costs $2.25/child to prepare on Head Start days, it will cost the same to prepare on Child Care days when Head Start services are not provided (114 days/yr in the ABC Child Care example). The cost of meals should be calculated. Then, the revenues from CCFP should be subtracted from the meal costs based on the free, reduced, or paid category of reimbursement for enrolled Child Care children. Finally, the remaining food expenses should be divided by the number of enrolled Child Care children to determine a cost/child. On shared service days (136 days/yr) the Child Care program will need to budget an afternoon snack for all children, but Head Start will pay for lunch and breakfast as a part of regular Head Start service.

Let's do a sample calculation using the ABC Child Care Program with 20 children. When calculating food costs two assumptions are important: 1) You must base your food costs on the preparation of food for all enrolled children if they all are expected to attend each day; 2) You may only request reimbursement from the Child Care Food Program for those children who actually attended the center that day. Here are the steps as discussed earlier:

1. Calculate the cost of lunch on Child Care days only:
   114 days X $2.25/lunch X 20 children = $5,130/year

2. Calculate the Child Care Food Program revenue (use 90% attendance):
   18 children X 114 days X $1.75/lunch (CCFP blended rate) = $3,990/yr

3. Calculate the difference between the cost of lunches and the reimbursement projected from CCFP: $5,130 - $3,990 = $1,140/year

4. Calculate the cost/child/year to the Child Care budget:
   $1140 divided by 20 children = $57/child/year

Printing/Advertising/Publications: Child Care is a business and has a need to advertise its services. Marketing brochures can be helpful in attracting additional families. (This cost category also includes the cost of newspaper advertising for staff vacancies.)

Several excellent Child Care journals (See Appendix D) are available; a predictable amount of $150/year would purchase several useful subscriptions. If Head Start is currently purchasing these journals, the cost can be allocated between the two programs.

Employee Development: To ensure quality services, make employee development a high-priority item. Providing substitute personnel to allow release time for staff to attend training is a major, often overlooked, expense in implementing a professional development program in Child Care. Substitute personnel costs should be included in the personnel budget. Some funds should also be budgeted for training fees.

Insurance: Your insurance company can assist with identifying any additional insurance requirements and expenses. Possibly general liability, site fire insurance, and other site-specific coverage would increase slightly. Again, allocate costs to the Child Care budget appropriately. In the area of child accident and health insurance, be sure to inform your insurance company that, while the number of children is not increasing, you now serve them for a full day for many more days/year. The rate/child may increase. All of the increased cost should be borne by the Child Care budget. The cost of increased coverage for director's, officers', and staff liability, along with Workers' Compensation should be allocated to Child Care. Consult your CPA or agency accountant for cost allocation assistance.

Start-Up Loan Costs: Careful planning and purchasing for start-up program needs will keep the cost of this line item low. The amount to be budgetted annually would be the total cost of loan payments at the appropriate interest rate for 12 months.

Use the **BUDGET WORKSHEET** (Appendix C) to calculate the cost of Model #2 or #4 wraparound services.

A completed BUDGET WORKSHEET using the example of the ABC Child Care Program, serving 20 children, is presented on the following pages.

The full ABC Child Care budget comes to $ 69,175 for one year of wraparound services for these 20 children. In the next section of this chapter, revenues are calculated at a part-day rate of $12/day for the days shared with Head Start and a full day rate of $16/day for the other days. The specific expense figures and rate figures used in this discussion may or may not be applicable to your community. All costs and revenues are identified for purposes of illustration.

Figure 5 1 provides an example of ABC Child Care's Budget Worksheet.

Figure 5.1 ABC Child Care Budget Worksheet - Example

Budget Cat.	Calculation Information	Subtotals	Totals
Personnel	1 Teacher: (7 hrs X 136 days) +(8 hrs X 114 days) X $8.00/hr	$14,912	
	1 Teacher Aide: (7 hrs X 136 days) + (8 hrs X 114 days) X $5.50/hr	$10,252	
	Teacher Aide: 3 hrs X 114 days X $5.50/hr	$ 1,881	
	1 Teacher: 3 hrs X 114 days X $8.00/hr	$ 2,736	
	Substitute hours for Paid Days to staff: (8 hrs X 20 days X $5.50/hr) + (8 hrs X 20 days X $8.00/hr)	$ 2,160	
	Substitute hours for Training time: (8 hrs X 5 days X $8.00/hr) + (8 hrs X 3 days X $5.50/hr)	$ 452	
	1 Cook: 4 hrs X 114 days X $5.00/hr	$ 2,280	$34,673
Fringe Benefits	15% X $34,673 (total personnel)		$5,201
Travel	$500/yr (one professional conference)		$ 500
Program Suppl.	$80/child X 20 children		$1,600
Office Supplies	Included with ADMIN Costs		$ 0
Other Supplies	$25/child X 20 children		$ 500
Equipment	Annual replacement		$2,500
Contractual	Space: 20% of rent & utilities costs	$3,070	
	Audit: Included with ADMIN Costs	$ 0	
	Custodial: 20% of $4500/yr	$ 900	
	Professional/Legal Fees	$ 700	$4,670

FIGURE 5.1 ABC Child Care Budget Worksheet - Example (continued)

Budget Category	Calculation Information	Subtotal	Total
Other	Staff Travel: 500 miles @ $.24/mile	$ 120	
	Pupil Transportation: 10 field trips @ 40 miles X $.85/mile	$ 340	
	Maintenance: $1500/Center X 20%	$ 300	
	Telephone: $600/year X 20%	$ 120	
	Postage: $10/child X 20 children	$ 200	
	Food: $2.25 X 114 days X 20 children + $.75 X 136 day X 20 children	$7,170	
	Printing/Advertising/Publications	$ 250	
	Employee Development	$ 700	
	Insurance: $2.50/child X 20 children + 400 (liability increase)	$ 450	
	Start-Up Loan Payments: $5,000 @ 12% amortized for 48 months	$1,580	$11,230
Admin Costs	12% of total budget		$ 8,301
Total	Grand Total For ABC Child Care Program Example		$69,175

Projecting Revenues

The process of projecting revenues will be discussed under the following categories:

- Fees and Subsidies
- Fee Schedules--Fixed or Sliding
- Sources of Subsidies
- Subsidy Payment Methods
- Unit of Service

Fees and Subsidies

Once you have established costs for a specific level of Child Care enrollment, develop a fee schedule that will generate enough revenue to pay all costs. Child Care is market driven, and you can stay in business only if you can be competitive. Historically, Child Care salaries have been low, mainly to keep fees low enough to maintain adequate enrollment.

You may find that this situation presents a major dilemma. Do you provide Child Care services at **any** cost, even if extremely low wages must be paid to establish a balanced budget? There is a hidden cost to low wages: higher staff turnover, a less well trained staff, lower quality, and more energy and cost in staff training due to turnover. A program with low staff stability may not be attractive to parents. The dilemma of needing to collect adequate revenues to operate a quality program while at the same time remaining affordable to families needs to be seriously discussed and revisited frequently by all Child Care providers. If you are new to this business, give some thought to this unique challenge of the business **before** you develop a new program or a new service.

Base your fee schedule considerations on these concerns:

- your cost-of-care figures
- your community fee comparability study
- subsidy reimbursement rates (These rates in communities or counties in each state are based on community fee studies by appropriate state departments.)
- your client affordability study

Review and revise fee schedules periodically (usually annually). Because fees are the primary revenue source, and wages are the major service cost, wage increases rarely occur without fee increases. Without wage increases, staff turnover may be high and morale low. Regular wage increases affect worker satisfaction, attitude, and ultimately program quality. Therefore, it is important for parents to understand that fees are secure for a given time period (e.g., one year) but may increase.

The Fee Schedule--Fixed or Sliding

These are the two types of fee scales:

1. Fixed scale: all families pay the same fee for the same type of service.

2. Sliding scale: variation in fee rates, usually based on family income. The family pays part of the fee, and a subsidy source pays the balance. Regardless of how the subsidy is paid, the most important concept of the sliding fee scale is that some source other than the family and the program must pay the balance of the required fee.

Subsidies can be paid by any of the following:

* federal Child Care subsidy programs
* state Child Care subsidy programs
* an employer
* a foundation grant, United Way funds, or other grant dollars

Can you utilize a sliding scale with a family who does not qualify for government subsidies? Yes, as long as some source of funding covers the difference. Some Child Care providers offer sliding fee schedules for families when they are no longer eligible for government subsidies but cannot yet afford to pay the full fee for service.

Example: A family whose income slightly exceeds the maximum income allowed by a government subsidy program might ordinarily be expected to pay the full user fee of $80/week/child or more. However, if the Child Care provider has a sliding scale, the family might be asked to pay only $55/week/child for a slot that costs $80/week. Who pays the balance? Another funding source must pay the difference. Without another source of funding, the provider will lose significant revenue. In this example, the provider would lose $25/week X 50 weeks, or $1,250/year from one child. Sliding fee schedules are excellent, as long as some funding source supplements the parents' fees.

Sources of Child Care Subsidies:

Four different sources of Child Care subsidies will be discussed. As this manual goes to print, the federal government is considering combining or restructuring several of these subsidy programs. Updates clarifying any changes in subsidy programs will be provided as soon as the information is available. The four sources of subsidy are as follows:

- Child Care and Development Block Grant (CCDBG)
  - Vouchers
  - Contracts with providers
- Family Support Act (FSA) or Transitional Child Care (TCC)
- Private or Community Based Subsidies
- Title IV of the Social Security Act

Each of the three government subsidy programs (CCDBG, TCC, and Title IV) is targeted for low- to moderate-income families with some special emphasis on welfare-dependent adults moving into employment. Head Start families either currently employed or becoming employed would probably qualify for one or more of these subsidies. However, each subsidy program has funding limits which prevent all eligible families from receiving subsidies. Each subsidy program also has its own fee rates and rules which Child Care providers must follow. These are the most important questions to be answered during your planning phase:

- Is the subsidy program fee schedule adequate to cover my costs?
- How much extra administration time for paperwork will be necessary to collect subsidies?
- Are these subsidies available to all providers?
- How long is the waiting list for various subsidies? How long does it take for eligibility to be determined and funds allocated to a client to purchase service?

Child Care and Development Block Grant (CCDBG): This funding stream was Title XX, then the Social Services Block Grant, and now is the CCDBG. Family income determines the parent portion of the weekly or monthly fee. Individual state government offices set the fee reimbursement rate schedules, along with the frequency of updating those schedules. The method of reimbursement varies from state to state. They can be classified as vouchers or contracts with providers:

- Vouchers: A coupon which allows parents to select services at a provider of their choice. Providers must invoice the administrative agency, either a local agency or a state agency, to receive payment after the delivery of services in addition to collecting family or user fees from parents.
- Contracts with providers: In some states, particular provider agencies receive a contract to provide a certain level of subsidized service to eligible families. Funds may be distributed in 12 equal payments/year by the subsidy source or distributed based on monthly invoices with no advance payments.

Information on subsidy programs in your state can be requested from your state department of welfare, human services, social services, or other similar department. CCDBG administration is often located in the state department that administers other state social service programs.

Family Support Act (FSA) or Transitional Child Care (TCC) Subsidy: This subsidy program is operational in most states as part of federal welfare reform legislation of the early 1990's. Individual states have a great deal of latitude in administration of this subsidy program. The

program provides one year of subsidized Child Care for parents previously on welfare, who have

a) completed training programs and have secured employment, or

b) who have found employment directly from welfare.

Families eligible for TCC funds are often eligible for CCDBG; but, since the CCDBG has limited resources, some states encourage providers to use TCC subsidies first and then move eligible families into the primary subsidy program of CCDBG. Some states require coordinated management of subsidy funds. TCC rates are set by the state administering agency and cannot exceed the existing community fee rates of 75% of median fees of local providers.

Private or Community Based Subsidies: These subsidies are also available from individual employers, United Way Agencies, etc. Research these within your community, for they have unique rules of operation and distribution. These non-government subsidies are not as widely available as government subsidies.

Title IV of the Social Security Act Subsidies: These subsidies are targeted for adults receiving public assistance who are participating in job training/education programs. Again, this subsidy program is administered differently in each state.

Payment Methods

Individual states vary in payment policies both procedurally (before or after costs are incurred) and regarding calculations of payment (based on attendance or on enrollment). **Attendance payment** means providers receive payment only when the child attends. **Enrollment payment** involves reimbursement and parent fees for all possible days of service regardless of actual attendance. Since nearly all operational costs remain constant regardless of the number of children attending on any given day, enrollment subsidies are always preferable. The new standard in the Child Care industry is that subsidy programs follow the same policies that apply to private, non-subsidized families. If private families pay based on enrollment, so will subsidies. If, on the other hand, private families pay based on attendance, so will subsidies. The rules are rarely different for government funded Child Care than private pay Child Care.

Remember these guidelines:

- **Subsidy programs usually set maximum caps for fees or pay your private fee rate, whichever is lower.**

- **Usually, no costs above the state established fee rate can be charged to parents.**

- **Subsidy fees and policies must be the same or similar to those established for non-subsidy families.**

- **If subsidies are not adequate, program operating costs must be reduced!**

For example: After estimating our budget for 20 children in ABC Child Care, we determined that fees of $80/week/child are necessary to cover costs. What if the subsidy programs will only pay $70/week? We plan to utilize subsidies for all children in Child Care, but we will not be able to collect our total fee. Our revenue loss will be

$10/week per child
$10 X 20 children = $200/week
$200 X 50 weeks = a $10,000 deficit per year!

In Figure 5.2 which follows this discussion, the maximum revenues at 100% enrollment every day are $76,192 if we collect $16/day or $80/week. Our projected costs are $69,175 or only $7,017 less than maximum revenues. We cannot afford $10,000 less in subsidy revenues. If subsidies will only pay $70/week, it is time either to seek out additional funding sources; or to explore other ways to assist the Head Start families at the ABC Center address their Child Care needs!

Unit of Service

"Unit of Service" is a contractual term that describes what service is purchased for a given fee. This is a common term in Child Care but not used in Head Start. Subsidy programs may have their own definitions of a unit of service. Common definitions include full-day and part-day units. For example, a part-day unit of service may be 5 hours/day or less; a full-day would then be more than 5 hours/day. In this example, if part-day service is defined as 5 hours or less and you have families enrolled for 5.5 hours after Head Start hours and 8-9 hours other days, you can legitimately receive Child Care fees for a full-day every day. If, however, a part-day is 6 hours or less and you have families enrolled for 5.5 hours/day after Head Start hours, then you would receive part-day fees for shared Head Start days and full-day fees for full days. Again, learn about your state's requirements for units of service for each available subsidy program. **Be sure you are using accurate subsidized fee rates in your revenue projections. A mistake can be detrimental to your fiscal health!**

"Utilization" describes the level of fee-paying enrollments that are needed to support expenses. The Utilization Percent = % of children who must be paying fees each day compared to the total maximum number of children who could be enrolled given a specified/planned number of staff. The Utilization Percent is calculated in Figure 5.2. ABC Child Care must have 91% of all children paying projected fees every day. In other words, there must be 18.2 children (91% of 20 children) enrolled and paying fees every day.

Let us calculate maximum revenues and the utilization needed for the ABC Child Care (See Figure 5.2) to have revenues cover expenses:

Figure 5.2 Revenues And Utilization Worksheet

Fees and Subsidies at 100% Enrollment:		
Category of Service	Calculation	Total
Part-time	136 days X $ 12/day X 20 children	$32,640
Full-time	114 days X $ 16/day X 20 children	$36,480
Child Care and Adult Food Program Revenues:		
Part-day (snack only)	17* children X $ .46/day** X 136 days	$1,064
Full-day (breakfast, lunch, snack)	17* children X $ 3.10/day** X 114 days	$6,008
MAXIMUM REVENUES POSSIBLE---------->		$76,192
Utilization Required for Balanced Revenues & Expenses:		
Calculation: $69,175 Total Budget / $76,192 Maximum Revenues X 100		91 %
Percent of Children Who Must Be Paying Fees Each Day: 91% Utilization Percent X 18.2 Maximum Enrollment		19 Children

* 85% of full time attendance is projected for draw down of CCFP Revenues
** Based on 1995 CCFP Reimbursement rates

The example shows that a 91% utilization rate is necessary to cover costs. This level must be attained to operate Child Care with a balanced budget. In brief, given fee rates of $80/week for full-time care, and utilizing low cost/child budget figures for all expense categories, this example is barely affordable. There's no surplus in this budget! And, if the subsidies will not pay $80/week, this Child Care service is unaffordable.

Cost Allocation

What is Cost Allocation?

"Cost allocation" is the assignment of expenses to appropriate revenue sources based on cost and time analysis. Throughout the preceding discussion of budget preparation and costs identification, the word "allocate" is frequently used. Allocation will occur between the Child Care program and the Head Start program within one agency **or** between a Head Start agency and a Child Care agency. Within one agency that administers more than 1 program, cost allocation is most often described in a Cost Allocation Plan that notes how allocation percentages are determined and what rationale is utilized by expense line item. Cost allocation plans between agencies (Model #2) are part of a contractual agreement. The discussion that follows about developing a cost allocation plan and methods of cost allocation can also be applied to contract terms and conditions between agencies.

Cost Allocation Plan

A cost allocation plan is necessary whenever more than one source of funding is used to provide services within an agency or when costs are shared between agencies. A cost allocation plan rationally, fairly, and consistently determines which funding sources or agencies pay which costs or which parts of costs. A cost allocation plan will often assign costs proportionally, though the proportions may vary line item to line item. A narrative documentation and justification should be provided by expense category.

How Do You Develop a Cost Allocation Plan?

Development of a plan begins with analysis of costs in several ways:

- Task/Time Analysis: How much staff time is committed to complete necessary tasks related to the operation of the program, in this case, to Head Start and to Child Care? For example, the Fiscal Manager prepares and processes payroll as one of her/his biweekly tasks. How much time does it take to process one check? How many checks are processed for Head Start and Child Care respectively? Child Care must be allocated its respective costs.

- Exclusive Costs: What costs can be exclusively separated between the two programs? Are the staff hired separately and independently so no staff positions overlap in either program? Is there a separate office for Child Care? Are the costs of summer operation exclusive but the costs for school year operation mixed? Exclusive costs can be allocated 100% to the program which uses that service exclusively.

- Common Costs: What costs are shared? In an earlier section of this resource guide we discussed individual budget categories such as space costs, supplies, etc., that are common costs to be shared between different programs based on utilization. These

costs must be identified and then allocated in a logical and consistent manner. The following are examples of common costs in personnel:

- the cost of a Cook: she/he prepares lunches 5 days/week, 50 weeks/year, paid by Head Start for 136 Head Start days and by Child Care for 114 days. Approximately 54% of the Cook's salary would be paid by Head Start and 46% by Child Care for one Head Start class that receives wraparound services all year (Model #4). NOTE: If the Cook position was shared between two agencies as in Model #2, the Head Start agency would still pay 54% and the other Child Care agency would pay 46%. This information would be part of a contract with rationale included.
- The Enrollment Coordinator: This person might also be the Head Start Social Services Coordinator, may need to do time studies for a year or for 3 random months throughout a year to determine how many hours she/he commits to Child Care activities versus Head Start activities. The Enrollment Coordinator's allocation of time may or may not be similar to the Cook's allocation. It will be established through a time study.

- Administrative Costs: Head Start already identifies these costs within its operating budget. The Child Care program must assume responsibility for a fair share related to task analysis and the need for basic administrative overhead. In the example of the ABC Child Care Program, we included a fixed 12% of the total budget as administrative expenses including Personnel, Office Supplies, Administrative insurances (Directors & Officers; liability for administrative staff, property for office space), Audit, etc. The cost allocation plan could include an Indirect Cost for Administrative cost, though this would need to be developed in consultation with the federal department of Health & Human Services, Cost Allocation Division. Allocation of administrative costs directly is more fairly accomplished by time studies of administrative staff functions.

Key Elements Of A Cost Allocation Plan

Listed below are five elements of a Cost Allocation Plan:

- specific identification of administration costs and their distribution
- revenue analysis including percent of funds from particular sources
- cash flow needs and a plan to insure adequate cash on hand
- fund allocation plan, for individual positions that function in more than one program
- revisions as needed due to significant enrollment changes throughout the fiscal year

Costs are assigned proportionally. Therefore, an increase in enrollment which requires more or less staff or more or less space in the Child Care program, for example, would shift

more administration costs to Child Care from Head Start. However, if one wraparound class fluctuates during the year, which it will, average enrollment figures can be used to allocate costs. Allocations need not be changed by enrollment deviations between, for example, 15 - 20 children. The assistance of a CPA is invaluable in the preparation of the cost allocation plan because, ultimately, the independent CPA who performs the organization's annual audit will pass judgment on the Plan.

Types Of Allocation Methods

Time studies are helpful in assigning shared staff costs to various programs when work activities are clearly defined between programs.

Calculation of the **percent of funds received** is another useful allocation tool within a particular program between related funding sources. This formula can be useful in allocating costs for insurance and audit expenses.

The number of enrolled children is useful when related to revenue sources for which separate allocations and financial tracking are required.

Hours of operation as previously discussed under Space Costs is very useful in calculating allocations

Combination methods use various cost allocation methods to plan different budget items. The agency decides and justifies use of various cost allocation methods. For example, Hours of operation may be used to allocate rent and utility costs between Head Start and Child Care. The number of children could be used to allocate child health insurance to Child Care and Head Start respectively.

Though rationales differ for various allocation options for most expense categories, there are inappropriate or unacceptable plans too. Some examples of inappropriate or unacceptable plans are as follows:

1. **Allocation of supply budget based on number of children served, not including the number of hours of service.** If the total agency's program supply budget were simply allocated by the number of children enrolled in each of the Head Start and Child Care program, Head Start would pay an inappropriately high amount while Head Start children spend only 544 hours/year in the center and Child Care children spend over 2000 hours/year. One child in Head Start does not equal one child in Child Care because the services received are different, by the number of hours of service/year.

2. **Allocation of staff time based on total program revenues and not on time/task analysis.** An example of inappropriate allocations would be the allocation of Enrollment Coordinator staff time to Child Care and Head Start based on total

program revenues. Revenues do not assign or generate activities dollar for dollar equally. Time studies are the only accurate way to assign shared staff costs.

Allocation plans must be consistent, and include rational explanations for each cost category. Since allocations are proportional, standard formulas or percentages may not be applicable to all grantees. Plans must be agency-specific and situation-specific. Use staff or consultants with accounting training in developing Cost Allocation Plans.

Financial Monitoring and Managing

Child Care revenues vary week to week, based on enrollment and/or attendance. In order to maximize staffing patterns and be able to respond quickly to enrollment ebbs and flows, monthly and sometimes weekly monitoring must occur. Monitoring is needed

- to ensure minimum **enrollment** (enrollment = revenue = solvent operation);
- to track **utilization** (if a site can serve 20 children but is fiscally solvent at 18, a utilization level of 90% must be maintained)

  The utilization level required to operate is the same as the minimum enrollment level; the optimal enrollment level would be the maximum number of children the program is staffed to serve. In the ABC Child Care Program optimal enrollment is 20 children; minimal enrollment is 18.2 or 91%.

- to ensure a revenue and expense balance through basic **financial** reports
- to track **fee payments** and take action to collect regularly owed revenue
- to be aware of active **waiting list** levels which impact enrollment turnarounds when families discontinue service
- to keep **staffing patterns** affordable and realistic according to the number of children in attendance.

Monitoring data for the factors above is very useful for small and large Child Care programs alike. Data on staffing patterns is most useful in facilities with more than 30 children, because often a minimum number of staff is required per site (usually two at all times, for example) regardless of how few children are present. (For example, a state may require a 1:10 ratio of adults:children but may also require that 2 staff people be present at all times, even when the number of children in the center drops below 20. Many state regulations allow programs to count non-classroom staff as the second adult when there are 10 or fewer children in the classroom and the required ratio is 1:10.) In a large facility, as children leave in the

afternoon, the staffing level can decline as long as state ratios and requirements are followed. A site with 40 children and 4 staff present for most of the day may be able to drop to 3 staff at 3:30 p.m. and possibly to 2 staff at 4:30 p.m. as children leave. Periodic monitoring of numbers of staff and children present allows for tighter management of staffing schedules and more efficient allocation of resources for personnel expenses. The same may be true of the early morning hours.

CHAPTER VI: OTHER CHILD CARE MANAGEMENT ISSUES

Child Care is a Business

In Child Care programs, income is based on the number of children enrolled and/or in attendance. Accurate projections of income to meet established costs are extremely important for financial solvency. In a business sense, an agency must "sell" enough enrollment slots to pay expenses and break even. Determining the minimum number of slots to be filled in order to pay expenses is crucial.

Utilization

Cost efficiency is directly related to service utilization. A program needs a certain enrollment rate in order to remain solvent, in other words, the staffing pattern assumed during budget preparation can be afforded only if a certain percentage of the projected enrollment is realized. Enrollment above that level creates a positive cash flow, and below that level creates a deficit. Consider this example:

> Rainbow Child Care Center schedules the shifts of its three staff members to care for 30 children during the 11-hour Child Care day. The agency must fill 75% of the 30 enrollment slots to meet expenses (assuming that subsidies and parent fees for all 23 are received in a timely manner). That is, if 23 children are enrolled, the program is financially solvent. Last month the Center was enrolled at 90% or 27 children. Revenues exceeded expenses so there was a positive cash flow.

In order to be useful in management decision making, utilization data must meet the following criteria:

- Data must be timely.
- Data must be updated frequently.
- Data must include both enrollment and attendance information.
- Formulas and calculation methods should compensate for part-time (either part-day or part-week) service use.

Calculating the utilization level required (to be minimally efficient, that is, to pay expenses with no deficit) is a significant part of the budget preparation process. If you plan your budget so that you **need** 100% or even 95% utilization to pay expenses, you will probably fail financially as a provider because of the following reasons:

1. Child Care enrollment fluctuates. Even if there is a waiting list, it is difficult to place new children as quickly as children leave the program.

2. Preschoolers are absent periodically.

3. Changes in parent employment affect subsidies. Subsidies are usually available to working parents or parents in training with limited family incomes.

4. Costs of the program are fairly constant despite reductions in enrollment. Personnel costs, the biggest expense, often cannot be reduced proportionally to reflect reductions in enrollment. Even when personnel reductions can be implemented they will normally lag behind enrollment reductions because of contractual obligations.

5. It is necessary to generate a surplus to fund unexpected physical plant maintenance and repairs.

6. It is usually advisable to generate a surplus to fund planned capital improvements for which no grant money is available.

Start-Up Funds

Again, the problem of "start-up" revenue in the business of Child Care must be mentioned. Most businesses require an initial capital investment; Child Care is no exception. In a world where start-up capital (especially for Child Care) is virtually non-existent, an agency must be both creative and persuasive in gathering funds from private sources such as donations, special incentive grants, or a private bond issue. The alternative is to depreciate or capitalize loans for start-up expenses during the early years of operation. For example, if $40,000 is needed to begin operations and must be borrowed at an interest rate of 12% per year to be paid in full over a 10-year period (term), your Child Care program budget must include $6886 per year in loan payments (debt retirement). **Remember that Head Start funds can not be used as Child Care start up revenues!**

Personnel Management Issues

The management of Child Care personnel, though guided by policies and procedures which may be similar to Head Start's, involves some important differences.

In Child Care, the ratio of adults to children is directly related to financial solvency and must comply with licensing regulations. Qualified substitutes are necessary to cover staff absence, which in Head Start can often be covered by parent volunteers or Head Start support staff. (Part-time staff, an integral element of Child Care staffing, can often be employed as substitutes.)

The risk of staff burnout is higher for staff who spend 100% of their work time with children. Enhancement of the work environment in non-wage areas, through participatory management, creative teamwork, etc., can lessen the risk of turnover. A flexible definition of sick time can allow for "mental health" days away from work. Periodic social functions after work can also release stress and build a team spirit. When people pull together, burnout is less frequent.

In Child Care, staff meetings and planning time often occur during naptime or in the evenings. Meetings during naptime may not involve all team members, due to the need to have some staff with children. (NOTE: Some states reduce required staff-to-child ratios during naptime. This releases staff for planning or work breaks or other non-child time work responsibilities.) Planning is often done by teachers on their own time, or perhaps once a month with their team during naptime. Preparing materials for the next day or week is often done during naptime.

Community volunteers and Foster Grandparents can be recruited to assist in Child Care, as in Head Start. The supplemental help of volunteers can enhance program quality.

Parents approach Child Care services as a commodity or service they pay for. They have specific expectations. Child Care staff must always be responsive to parents and recognize that parent contact is often 5-10 minutes in the morning and/or afternoon when parents drop off/pick-up children. Often brief notes are kept about morning activities, so that the part-time staff on site in the late afternoon will know about the children's progress or special happenings of the day. Information-sharing between different shift staff members is necessary to respond to parents' need to know about their children's day. Special parent group events are infrequent and may be wrapped around the beginning or end of the day. A family breakfast or parent meeting with pizza delivered at 5:30 p.m. may net the best attendance!

Policies and Procedures: Fees and Enrollments

Establishing and collecting fees requires policies and procedures, some governing internal operations and some defining client responsibilities. Families receiving subsidies must follow subsidy program policies and procedures in addition to the agency's policies and procedures. Since programs may serve clients receiving assistance from different subsidies, a standard set of policies and procedures should be developed which embody the specific requirements of all subsidies, if possible. The policies and procedures should include the following information:

a) Minimum enrollment levels-- How many full-days or part-days is the minimum a family can enroll a child? Full-time enrollments provide more predictable revenue and are easier to manage. Part-time enrollments, whether part-day or part-week, create blocks of time when a full-time child cannot be enrolled. However, part-time Child Care may be a primary need of families.

b) Part-day vs. full-day or part-week vs. full-week--This policy area relates to "minimum enrollment" and must ultimately be based on the following:

- utilization level required to pay program operating costs
- needs of families

- fees of Child Care program and subsidy programs for part-time services. It often costs the same to provide part-time services as full-time; additionally, every part-time enrollment prevents a full-time enrollment.

c) Payment Procedures--Are payments required **before** services (on Monday of each week for that week) or **after** services (on Friday for the week just past)? Is a deposit of one week's fee expected?

d) Late Fees--How late is late? Are there penalties for late payment of fees? How long does the provider continue service with no payment of fees? With partial payment of fees? What happens if a family owes several weeks' fees, drops out and refuses to pay?

e) Allowable leave--Are there a specified number of days that a family can choose not to send their child each year (for vacation or sickness) and **not** pay? Or, must a family pay for all the days service is available in a year?

f) Termination Notices--When are they used? What are the implications of termination from Child Care for the family's participation in other programs, such as the Head Start program?

g) Changing family situations--Individual subsidy programs have very strict requirements about notification of changes in income and employment hours so that subsidies can be reevaluated. In Head Start a family's income determination is valid for two years. In Child Care, if a family's income changes, or if employment hours or days change, normally this change must be reported to the provider immediately and, if applicable, will immediately affect the subsidy received. The provider needs policies to permit re-examination of fees and service contracts whenever the family's financial situation changes (whether due to divorce, separation, relocation, job change, or other reasons).

h) Contracts with parents--Since Child Care involves a fee for a service, a contract should be negotiated between the parents and the provider. Subsidy programs usually have their own contract formats which can be supplemented as needed by the agency with a simple addendum in which families agree to follow the policies and procedures of the Child Care agency. For non-subsidized, tuition-paying families, a contract is important to clarify the expectations and responsibilities of parent and provider.

Contracts need to be flexible to allow for renegotiation if family situations change or provider fees increase. Each provider needs to decide what is reasonable in terms of the length of parent contracts. One year is typical. For wraparounds it may be practical to have one contract period from September through May and another period for the summer months since service needs may vary for summer months.

Impact of Fee Policies

Obviously, fee rates generate the income which must cover expenses. Fee policies can also cause significant impact on administrative workloads and financial solvency.

If parents are allowed flexibility in part-day/full-day, part-week/full-week use of service, daily attendance and enrollment will fluctuate and may be less than optimal due to the **impossibility** of matching part-time usage from different families to create one full-time, full-week slot. Monitoring utilization, setting utilization goals, and calculating the impact of various levels of utilization is time consuming but absolutely necessary. For example, monthly attendance and enrollment reports may be too infrequent to provide timely information. A provider who reviews a monthly report will learn on the first week of a new month that last month, due to large number of part-time enrollment, the site operated at a 65% utilization rate when 90% is necessary to pay bills!! The reduced attendance on any given day was not due to sickness (which is expected) but rather due to policies allowing too much flexibility. Trying to be everything to everybody may not be affordable, so providers need to be fully aware that flexible enrollment policies more often than not benefit the family to the detriment of the provider's revenue needs. However, flexible policies also attract families and can be a successful marketing tool. You must find a balance between family choice and service efficiency.

Other policies can impact administrative recordkeeping beyond monitoring income/expenses and enrollments. Tracking allowable leave days or flexible enrollment is time consuming. Weekly fee collection takes significant time but can be efficient if families abide by procedures. Late fee collection, reminders to parents, etc., takes significant time. In fact, once a fee payment is delayed by a week, the risk of never receiving it increases. Therefore, policies addressing fee payment procedures can support efficient administration or hinder it resulting in increased financial management costs not figured into original operating budgets.

Fee policies also affect marketing and a provider's attractiveness to new families. Even though the wraparound service is targeted to families currently enrolled in Head Start, as a Child Care service provider you compete with all other providers in your community. You need a balance between service attractiveness, affordability, responsiveness to families' needs, and maintenance of a financially sound Child Care service.

Education Component Management

Curriculum plans and daily schedules, though extended for longer hours, should include the developmentally appropriate learning opportunities similarly found in Head Start with the addition of a two-hour naptime, extended outdoor time, and additional free work time. Most early childhood curricula are applicable in Child Care and Head Start centers. Developmentally appropriate curriculum practices are often the standard in quality child development programs.

Consistent curricula use is most important for children spending part of the day in a Head Start class and part in a Child Care class.

When children are cared for in a center for 10-12 hours/day, daily schedules are usually looser with times of the day when children may want to be alone or work on a project in a small group while others do something else. Services in the summer months are often more recreational to capitalize on nicer weather and the relaxing atmosphere of the season.

Operational Regulations and Policies

Throughout this resource guide references have been made to state licensing regulations or federal subsidy program regulations and policies. As with Head Start, Child Care providers must follow appropriate state, local, and federal laws, regulations and policies. Some states mandate everything from safety to staffing to temperature of hot water to minimum square footage required per child. Other states have "bare bones" Child Care regulations, relying almost totally on a provider's own standards of operation. The National Association for the Education of Young Children (NAEYC) accreditation process for early childhood centers assures demonstrated quality. Regarding financial management, a CPA or agency accountant can help define financial regulations which must be followed.

Child Care providers can enhance state, local, and federal regulations with their own operational rules and policies. In addition to fee payment procedures, drop-off and pick-up policies, care for sick children, holidays, and emergency contacts must be addressed.

Experience in Child Care will assist greatly in defining and developing other procedures.

CHAPTER VII: POINTS TO REMEMBER

This manual has provided a technical and managerial overview of the administration of Head Start and Child Care programs, especially as the two programs relate to each other and can be coordinated. Coordination and collaboration of Head Start and Child Care programs are important to the families jointly served by both programs and to the efficient use of financial resources, which undoubtedly will become less available. As Head Start and Child Care providers embark upon cooperative ventures, the following points should be remembered:

1) Managing a Head Start program does not qualify you to manage a Child Care program, and vice versa. The services are different, but so are the underlying financial management requirements and administrative tasks. Child Care providers must operate like a business. There are no grants, no guarantees of revenues. Enrollments change, then revenues change. There is no period of predictability in Child Care as is found in Head Start with annual grants.

2) Head Start is still the only comprehensive early childhood provider that addresses inclusively all the components of health, nutrition, social services, parent involvement, special needs, mental health, and educational needs of low-income children and families. Low-income working parents may still need and want Head Start's comprehensive services while simultaneously needing and wanting Child Care. The challenge in all communities is to coordinate and collaborate the skills and expertise of Head Start agencies and Child Care providers to best meet the needs of families.

3) As the models presented earlier clearly state, Child Care, Head Start collaborations need not entail massive administrative changes. If the best model to meet family needs is for a Head Start program to develop a Child Care program, this resource guide provides important points to consider in starting a Child Care program. Child Care is a business and its success is based on understanding what makes a business succeed or fail!

4) Head Start and Child Care agencies should seek answers together. The Child Care needs of Head Start families must be based on the following factors:

- family needs and affordability
- community resources--working cooperatively and not developing new services if the Child Care supply is adequate
- organizational response capabilities
- understanding the differences in the management of Child Care and Head Start services

- implementation and operational issues and concerns
- financial resources for expansion of services
- availability of subsidies for Head Start families

5) Thoroughly study costs and realistic revenue predictions for the different models to determine affordability.

6) A Head Start agency would be wise to consider expansion into Child Care services only if the community supply of Child Care is not adequate and other options will not address family needs effectively.

7) Head Start and Child Care agencies should join state, regional, and national Child Care associations, subscribe to Child Care and Head Start publications, and become knowledgeable about Child Care and Head Start services and management.

APPENDICES:

Appendix A	Revenues and Utilization Worksheet
Appendix B	Wraparound Options Review Worksheet
Appendix C	Budget Preparation Worksheet
Appendix D	Resources

APPENDIX A
REVENUES AND UTILIZATION WORKSHEET

The worksheet in Appendix A will assist an organization determine what level of service utilization is needed in order to collect revenues sufficient to cover projected expenses. A utilization percent is determined by comparing the number of children for whom fees are being paid each day compared to the maximum number of children that staffing levels and regulations would permit to be in attendance.

This worksheet is simplified, assuming there are only two different fee rates--one for part-time and one for full-time. In most child care programs the fee structures are much more complex. This worksheet may need to be expanded depending on the complexity of the fee structure.

Revenues And Utilization Worksheet		
Fees and Subsidies at 100% Enrollment:		
Category of Service	Calculation	Total
Part-time	_____ days X $_____/day X _____ children	
Full-time	_____ days X $_____/day X _____ children	
Child Care and Adult Food Program Revenues:		
Part-day (snack only)	____ children X $ _____/day X _____ days	
Full-day (breakfast, lunch, snack)	____ children X $ _____/day X _____ days	
MAXIMUM REVENUES POSSIBLE---------->		
Utilization Required for Balanced Revenues & Expenses:		
Calculation: _____ Total Budget /_____ Maximum Revenues X 100 (Expenses)		%
Percent of Children Who Must Be Paying Fees Each Day: ____ Utilization Percent X ____ Maximum Enrollment		Children

APPENDIX B
WRAPAROUND OPTIONS REVIEW WORKSHEET

The Wraparound Option Review Worksheet provides an organization with a grid to complete with information collected during resource assessment. Eight different categories of information have been included in this particular sample worksheet. Others may be needed depending on individual organization or community situations. The collaborating organizations should collect information in each of these areas for whichever options are being considered. Recording the information on a grid such as this makes comparing and contrasting options easier. Think about these factors in reviewing your wraparound options:

Availability of Space. Is space available to meet the additional needs of Head Start families? How much? How do space availability and family needs compare?

Source of Start-up Funds. What sources and amounts of start-up funds are available?

Projected Start-up Costs. What are the projected costs of beginning this service?

Coordination Issues. How has the agency coordinated development of this option with other Child Care services in the community? Will the agency efforts overlap or duplicate existing services? Are families already using other Child Care providers? Do families simply need better coordination between Head Start and existing providers?

Financial Assistance Available to Families. What sources of subsidy funds are available to families? Is there a waiting list to secure subsidy monies? Are subsidy monies already fully committed to other families? How much can families afford to pay without subsidies? What is the process to secure subsidies?

Existing Services Available to Families. What community Child Care services are available to families? Are community Child Care needs meeting demand? What is the status of waiting lists at other providers? Will other providers accept subsidized revenues from families? Are there obstacles to Head Start families accessing other providers?

Projected Family Needs from Assessment. What are the results of the Child Care Family Needs Assessment? Are there 2-3 times as many children needing care as the agency is planning to serve?

Organizational and Financial Barriers. Is the development of this option in line with the mission of the organization? How would the agency organize and administer this option? What are the anticipated problems in providing services? What financial barriers may hinder implementation of this option? How will this service impact other organization services and financial management? How will new child care services impact organizational financial solvency? How would a possible deficit/surplus be handled? What type of structural changes will be necessary to implement this option in the agency?

Wraparound Options Review Worksheet

Options	Availability of Space	Source of Start up Funds	Projected Start-up Costs	Coordination Issues	Financial Assistance Available to Families	Existing Services Available to Families	Projected Needs from Family Needs Assessment	Organizational & Financial Barriers
1: Child Care Different Location								
2: Child Care Provided by Others at Head Start Location								
3: Head Start "Wrapped Into" Child Care Services								
4 Extended Day Operated by Head Start								
5: Resource and Referral Service								
6: Extended Head Start With PA 23 Funds								

APPENDIX C
BUDGET PREPARATION WORKSHEET

Appendix C provides a basic budget worksheet to be used in budget preparation. The staffing patterns indicated are similar to the patterns discussed in the example in the Manual. Staffing patterns will vary with each collaboration situation so this worksheet will need to be modified according to individual organizational needs and plans.

For information about costs included in each budget category, please refer back to the Manual, Chapter V - Financial Management in Child Care.

Budget Preparation Worksheet

Budget Category	Calculation Information	Subtotals	Totals
Personnel	1 Teacher (___hrs X ___days) +(___hrs X ___days) X $___/hr		
	1 Teacher Aide (___hrs X ___days) +(___hrs X ___days) X $___/hr		
	Teacher Aide ___hrs X ___days X $___/hr		
	1 Teacher ___hrs X ___days X $___/hr		
	Substitute hours for Paid Days to staff (___hrs X ___days X $___/hr) + (___hrs X ___days X $___/hr)		
	Substitute hours for Training time (___hrs X ___days X $___/hr) + (___hrs X ___days X $___/hr)		
	1 Cook ___hrs X ___days X $___/hr		
	Administrative Personnel __% X $_____ (class staff wages)		
Fringe Benefits	__% X $_____ (total personnel)		
Travel	___/yr (one professional conference)		
Program Supplies	$___/child X ___children		
Office Supplies	$___/child X ___children		
Other Supplies	$___/child X ___children		
Equipment	Annual replacement		
Contractual	Space __% X $_____(rent) + __% X $_____(utilities)		
	Audit		
	Custodial __% X $___/yr		
	Professional Legal Fees		

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Budget Preparation Worksheet
(Continued)

Budget Category	Calculation Information	Subtotals	Total
Other	Staff Travel ____ miles @ $___/mile		
	Pupil Transportation ___ field trips @ ____ miles X $___/mile		
	Maintenance $____ Center X ____%		
	Telephone $____/year X ____%		
	Postage $___/child X ____ children		
	Food $____ X ____ days X _____ children + $____ X ____ days X _____ children		
	Printing/Advertising/Publications		
	Employee Development		
	Insurance $_____ child X _____ children + _____ (liability increase)		
	Start-Up Loan Payments $_____ @ ____% amortized for ____ months		
Total	Grand Total		

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APPENDIX D

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Child Care Information Exchange, P.O. Box 2890, Redmond, WA 98073.

Young Children, NAEYC 1834 Connecticut Ave., N.W., Washington, D.C. 20009-5786.

Federal Head Start Office Address:

Department of Health and Human Services
Administration for Children and Families
Head Start Bureau
PO Box 1182
Washington, DC 20013

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ABOUT THE AUTHOR.....

SHARON G. KOPPEL is a Summa Cum Laude graduate of Muhlenberg College and began her career in Child Care nearly twenty years ago as a Head Start Social Service Coordinator. She also served as a Community Service Coordinator and the Executive Director of the Union-Snyder Office of Human Resources, a two county community action agency providing a variety of services to low income families.

Since 1982, Ms. Koppel has held the position of Executive Director of Snyder, Union, Mifflin Child Development, Inc. She is responsible for the administration of a multi-purpose three county child development agency in rural, central Pennsylvania which operates programs in Head Start, Early Start, Child Care (both subsidized and private pay), Early Intervention, Intervention with families involved in child abuse and neglect, and the distribution of vouchers for subsidized child care. Her program serves over 1,000 children each year.

Ms. Koppel has served on the Board of Directors of the Pennsylvania Head Start Association, President of the Pennsylvania Head Start Administrator's Association, and as the Head Start Representative on the Pennsylvania State Interagency Coordinating Council.

She is currently an active member of the Pennsylvania Association of Child Care Agencies, Early Intervention Providers Association, and numerous state level committees and work groups focusing on child care and early intervention.

Sharon is also married to Jeff Koppel, who is also an early childhood services director in Berks County, Pennsylvania.

"With shrinking federal dollars and welfare reform on our national agenda, the creative collaboration of Head Start and Child Care is necessary for our industry's survival. This book is an essential tool for every child care provider. To survive in this competitive industry every administrator must gather every available dollar and use it to provide the most comprehensive services available. Sharon shows us, through her own experience, how to successfully compete while meeting the needs of the children and the families we serve."

---Ronald V. McGuckin, J.D.

"Child care is necessary for our nation's economy to flourish. The comprehensive services of Head Start and the dependable nature of Child Care is a healthy and necessary combination for the children and families that we serve. Head Start and Child Care agencies who work as partners, not competitors, will be more successful in meeting the needs of all families. In addition, the agencies will benefit from the pool of available funds and the diversity of services. This book is a survival guide as our industry approaches the new century."

--Patricia A. McClellan

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